Money Action '84: New Ways To Save and Be Safe

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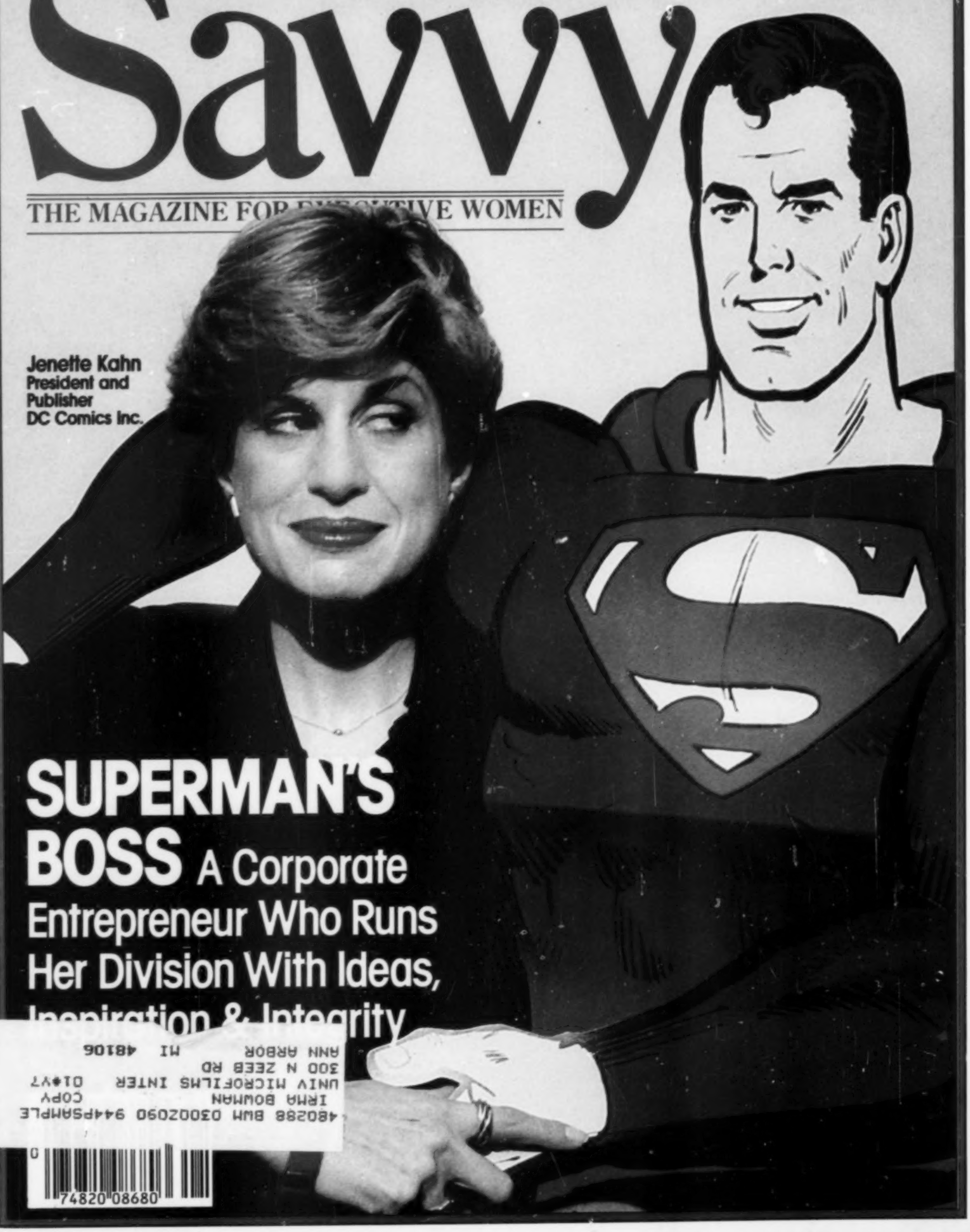
Savvy

THE MAGAZINE FOR EXECUTIVE WOMEN



Jenette Kahn
President and
Publisher
DC Comics Inc.

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Get it together–Buckle up.

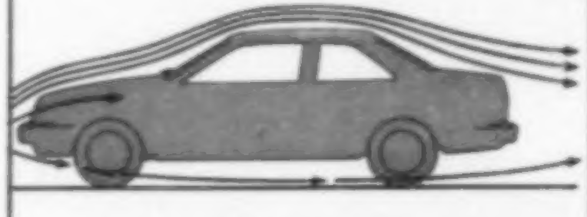
The new '84 Ford Tempo. A synergy of design and technology.

The synergy works.

Tempo's design and technology interact to give you an outstanding new car. A car that combines 5-passenger interior comfort plus a 2300 HSC (High Swirl Combustion) engine, EEC-IV (Electronic Engine Control), front-wheel drive, and 4-wheel independent suspension.

Aerodynamics that work for you.

Outside, a unique aerodynamic shape channels the wind over and around Tempo to help increase fuel efficiency.

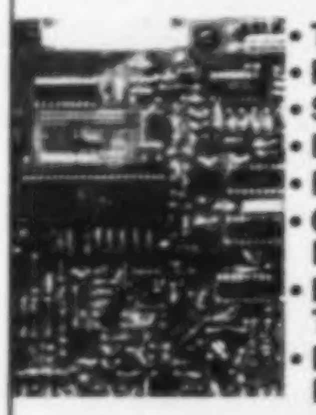


It also directs the airflow to reduce overall lift improving stability and directional control.

EEC-IV—The world's most advanced automotive computer.

EEC-IV monitors and controls engine operation precisely and instantly under any conditions for optimum power output and fuel efficiency.

COMPUTER FUNCTIONS



- Throttle Position
- Fuel/Air Mixture
- Spark Advance
- Intake-Air Temp.
- Engine Speed
- Crankshaft Position
- Engine Coolant Temp.
- Exhaust Gas Mixture

It processes up to 250,000 commands per second.

A new high swirl combustion engine.

Ford's all-new 2300 HSC engine was designed specifically for Tempo.

It produces high torque in its lower RPM range which means quick power response to even slight throttle pressure.

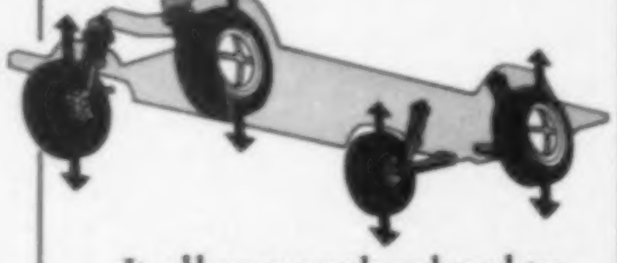
And Tempo is available with 4-speed, 5-speed or automatic transaxles.

Impressive fuel efficiency.

In addition to power, Tempo's standard FS (Fuel Saver) powertrain with 4-speed manual transaxle has high mileage ratings: 43 estimated highway and 28 EPA estimated MPG.†

Road performance.

Tempo's new design 4-wheel independent suspension system provides a ride that gives the driver a new feeling of control on the road.



It allows each wheel to absorb impacts independently, minimizing noise, vibration and harshness.

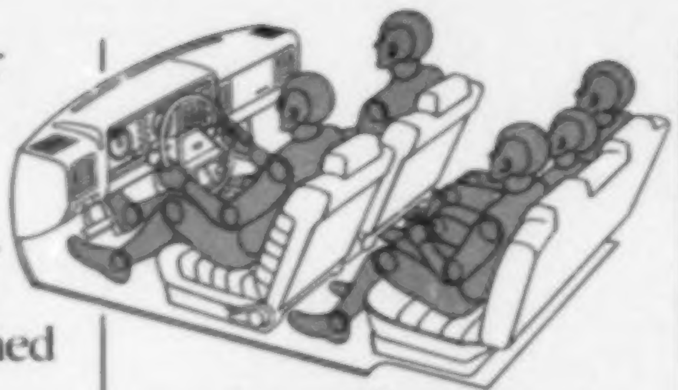
Front-wheel drive delivers traction and tight cornering.

Computer-refined interior.

Tempo has ample room for five people in its computer-refined interior. This was accomplished by designing the seats, doors, roof and window areas to be as space efficient as possible.

In fact, Tempo has no drive shaft, so there is no hump to rob interior floor space.

And that provides more rear room than a Mercedes 300D.*



Commitment to quality.

Tempo has uniform body panel fits, with seams that don't vary more than 1.5 millimeters from design standards.

TEMPO AT A GLANCE:

Front-wheel drive. All-weather traction, tight cornering.

Four-wheel independent suspension. Responsive handling for a smooth ride.

EEC-IV Computer. Instantly monitors and controls many vital engine functions for optimum power/output and fuel efficiency.

2300 HSC Engine. New High Swirl Combustion engine designed for quick power response.

Transaxle. Available with manual 4-speed, 5-speed or automatic transaxle.

Computer-refined interior. Seats five passengers. More rear room than Mercedes 300D.

These stringent standards can be compared to those set by any European sports sedan.

And Ford's dedication to detail is also reflected in Tempo's paint treatment: Four coats of tough acrylic enamel paint, about 2½ gallons of acrylic enamel and primer in all.

The result: A tough, brilliant finish that is highly resistant to weather, chipping, cracking and peeling.

Best-built American cars.

When we say "Quality is Job 1," we are talking about more than a commitment. We are talking about results.

A recent survey concluded Ford makes the best-built American cars.

The survey measured owner-reported problems during the first three months of ownership of 1983 cars designed and built in the U.S.

And that commitment continues in 1984.

Get it together—Buckle up.

†For comparison and applicable only to sedans without air conditioning. Your mileage may differ depending on speed, distance and weather. Actual highway mileage ratings will probably be lower. Fuel Saver version not available in California.

*Based on EPA interior volume index.

Have you driven a Ford... lately?

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Yet, for all its richness, Night Of Olay is quite different. It's remarkably sheer and greaseless, allowing your skin to breathe naturally all night long.

You'll awaken to a fresher, younger look.

With Night Of Olay, younger-looking skin starts tonight. And a new beginning can be yours tomorrow.

NIGHT
of
OLAY®

Savvy

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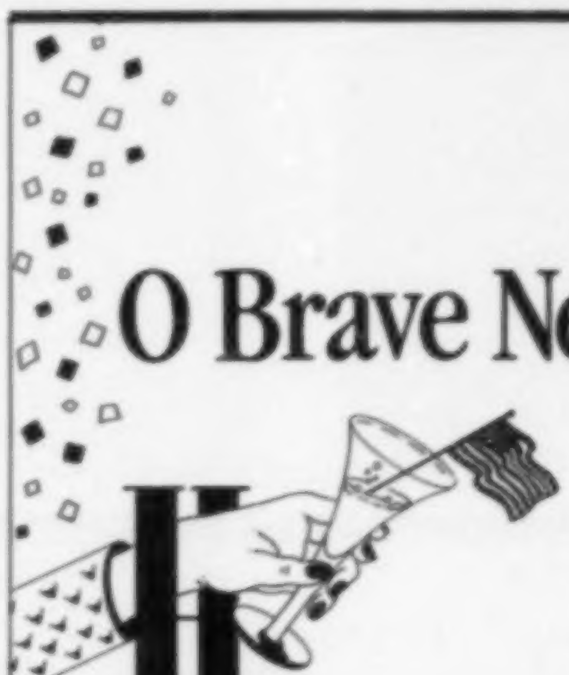
EDITOR'S NOTE

O Brave New Year



Has ever a year commanded so much publicity? We've had decades to wallow in Orwellian anticipation and only a short time to slowly realize the truth: 1984 will not be the stark, brainwashed society of prediction; it will be, instead, one of the major party years of all time.

As a party, it may sometimes prove a successful diversion from wars and rumors of wars—enough of a din to cover the unmistakable drumroll offstage. No doubt doomsayers will compare 1984 with Poe's *Masque of the Red Death*: the privileged dance while plague victims drop outside the castle walls. And historians will probably invoke Juvenal's bitter "bread and circuses" description of decadent Rome.

So a three-ring circus it is—with feats of danger, feats of strength, even clowns. In the political arena, trained elephants and untrained donkeys perform for the delight of the ladies. Watch them knock each other out of the ring! Watch the clowns lead them all in the wrong direction! Hilarity, hot dogs, fun for all ages.

In the athletic arena, see millions of cars stacked up on the freeways of Los Angeles, learn to pronounce names filled with *x*'s and *z*'s. Remember the days of Olga Korbut and Mark Spitz and John Carlos, and lift a glass for Jim Thorpe, whose 1912 Olympic medals were restored to him, posthumously, only last year. See the sideshows of professional sports; watch the giant AT&T crumble into seven dwarfs.

But above all, watch.

Because Orwell, as it turns out, could not have been more wrong: throughout the frenzied celebration of 1984, Big Brother will not be watching us nearly as much as we will be watching him. We, after all, can turn on our cable tv, hook up our personal computer to the Pentagon's databank, and play back anything we missed on our VCR.

In the end, Juvenal was right: if you've got the bread, 1984 will be a circus.

Wendy Reid Crisp

Illustration by Jaye Medalia

Hogwash

The Harvard Business Review *is not.*

The Business Press Observed: "Status Symbol," by John and Martha Kanes, November 1983:

The Kanes' assertion that the *Harvard Business Review* "prefers to deal in the outer reaches of business theory" is hogwash. *HBR* is not technical, it's extraordinarily practical. It gives recommendations for action.

Furthermore, the statement that its articles are little more than cleverly disguised plugs for their authors' services is idiotic. Business people want to hear from those at the forefront of business. Frequently, consulting firms are at this cutting edge. In any case, *HBR*'s readers have to be among the more cynical and well-educated of any specialty-magazine audience. If the ideas put forth there are unsound, or are simply plugs, irreparable harm is done to the authors' reputations within a very powerful community.

ANA SEAVE
Manager, Market Research
Dell Publishing Company, Inc.
New York, New York

UP FRONT

"Frontlines," November 1983:

I was pleased to see a pointed note on Burning Tree golf club's exclusion of women, as well as coverage of a woman who owns an oil company and a woman running for governor of Kentucky, in "Frontlines."

The contrast between those items and the insensitive closing line about men's underwear in the same section is, I hope, as embarrassing to you as it is offensive to me. It is finally becoming less socially acceptable to make women objects of derision. Instead of finding new victims, let's eliminate that type of humor altogether.

GAIL S. BERNSTEIN
Denver, Colorado

Our comment was indeed regrettable and thoughtless and in no way reflects the philosophy of the magazine.—Ed.

DISPLACED LOYALTIES

"Mourning the Loss of a Job," by Carin Rubenstein, November 1983:

As one of former California Governor Jerry Brown's top administrators, I enjoyed all the ups and downs of a challenging and exciting job. In the housecleaning which inevitably accompanies a change of administration, I lost my job and, consequently, I have experienced all the feelings expressed by Rubenstein. To think that I used to wonder what happened to all those displaced appointees after elections.

JAN DENTON
J. Denton Consulting Services
Sacramento, California

RUNNING COMMENTARY

"Off and Running," by Carole Gould, November 1983:

Ellen Wessel certainly must be aware that some women do *not* want "style as well as function" in their running clothes.

Indeed, I resent that I am often forced to choose between men's running clothes (which actually fit me better than women's) and fashionable women's clothes. I look for comfort, durability, and ease of care in my jogging wear. I wish someone would come out with some clothes that meet my criteria.

NANCY E. GRANT
Park Ridge, Illinois

HEAVY-HANDED TRUTH

Strategies: "Medical Alert," by Adrienne Rivera-Sutherland, November 1983:

Competition and new low-cost services are only two of the many issues in the health care revolution. For some members of the industry, particularly physicians, the change from a service to a business emphasis is extremely difficult.

As a nurse who has moved into the administrative and financial side of health care, I know that this transition does not happen overnight. I wonder if the physician who asked for advice read beyond the first line of Rivera-Sutherland's reply: "Your inflexibility is your problem . . . " Possibly true, but you don't change behavior by hitting people over the head, even with the truth.

KATHY LITTLETON
Seattle, Washington

PEACE EQUALS PROFIT

"Letters," November 1983:

I reread the September "Strategies" column and feel that everyone is overreacting and needlessly complicating a very simple issue.

I am secretary to the president of a profitable medium-sized corporation. I believe that encouraging my boss's well-being is my primary vocational responsibility. If he chooses to overpay me (at executive secretary rates) for running errands or for handling matters that his wife could take care of for him, that's his decision. Since his subsequent peace of mind contributes to his productivity, what I do for him is appropriate and appreciated.

Illustration by Patrick McDonnell

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makeup

By Request.

Pore-Minimizer Makeup was produced by Clinique because there was a demand for it—from dermatologists and from women.

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Women wanted a makeup that gives any skin a flawless finish. One that makes pores seem to disappear. This makeup is also it.

Clinique Pore-Minimizer Makeup can be worn by all types of skin. Some use it as makeup base, over nothing. Others use it as liquid finishing powder, over moisturizer.

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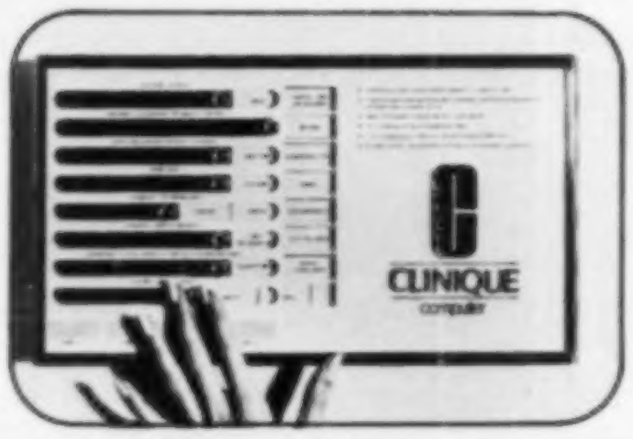
This makeup, in seven shades. Just shake it. Apply. Admire. It's another example of how Clinique fills needs. And how well.



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I'd like to think I'd work the same way if my boss was a very successful woman.

JOY RUBIN
New York, New York

CIVIC DEFENSE

"You Are Where You Live," by Jill Andresky Fraser, October 1983:

I am in complete disagreement with your categorization of Tulsa (my home of 45 years) as one of the worst cities for women in business. Our city may not be as large and old as New York and the other cities mentioned in the story, but it enjoys a safer and more wholesome environment. Although the women of Tulsa are still pioneering in some business circles, a large number of highly successful women head their own companies or otherwise enjoy executive rank.

We love cities like New York for the bright lights and good times, but Tulsa is where the living is easier. May the good Lord look down and keep us humble, honest, and perceptive, and enable us to enjoy the goodness around us.

ESTHER BELL
Tulsa, Oklahoma

While Tulsa, Oklahoma, is unquestionably an oil-and-gas city, I want your readers to know that a very strong networking organization now exists for Tulsa businesswomen.

In the past eight months the Leads Club has expanded to four chapters—three in the Tulsa area and one in Broken Arrow. Our membership numbers 75 women who meet weekly to promote their businesses and network for leads and referrals.

LORICE O'KEEFE
Leads Club
Tulsa, Oklahoma

I was quite surprised to see 3M cited as a corporation where women have succeeded. The general opinion of women I've talked to in the Twin Cities is that 3M's attitude toward women in management is in the dark ages.

If Fraser knows something we don't, I wish she'd tell us more directly.

ELLEN T. BROWN
St. Paul, Minnesota

Your description of the Greyhound Corporation's failure to provide good opportunities for Phoenix women was entirely accurate. When I joined the company four years ago, I was told that only male employees had the option of having their first initial listed in the company directory. Women had no choice but to have their first names appear.

HELEN SUE SMITH
Phoenix, Arizona

TEARING UP STEREOTYPES

Editor's Note: "Fear of Crying," November 1983:

Although crying is associated mainly with women, I was pleased to notice when I saw the film *Adam's Rib* that both Spencer Tracy and Katharine Hepburn shed tears.

Tears heal grief and frustration and are wonderfully therapeutic—that is, if we don't have to fend off humiliation for showing them.

DAVID JEWELL
The Coach Press House, Inc.
Chicago, Illinois

UNFAIR PRACTICES

"Professional Connections," October 1983:

Your statement that the Fair Insurance Practices Act "would outlaw using gender as a criterion to determine insurance risk classification—a practice which often results in lower rates for women . . ." is irresponsible and misleading.

Sex discrimination in insurance, like all forms of discrimination based on sex, is detrimental to women. Blacks die younger than whites and Mormons live longer than the rest of the population, yet no one suggests that insurance rates be based on race and religion. Similarly, rates based on sex should be outlawed as socially unacceptable. Women can only stand to benefit from the elimination of sex discrimination in *all* areas.

SANDRA L. SALVETER
North Wales, Pennsylvania

Our statement described the effects—acknowledged by women on both sides of the issue—of the Fair Insurance Practices Act. We certainly did not intend to imply any opposition to the act.—Ed.

Corrections: *The illustration on page six of the December issue should have been credited to Paul Meisel. The correct name of the governor of Louisiana is David Treen ("Professional Connections," November).*

Moisten here and seal

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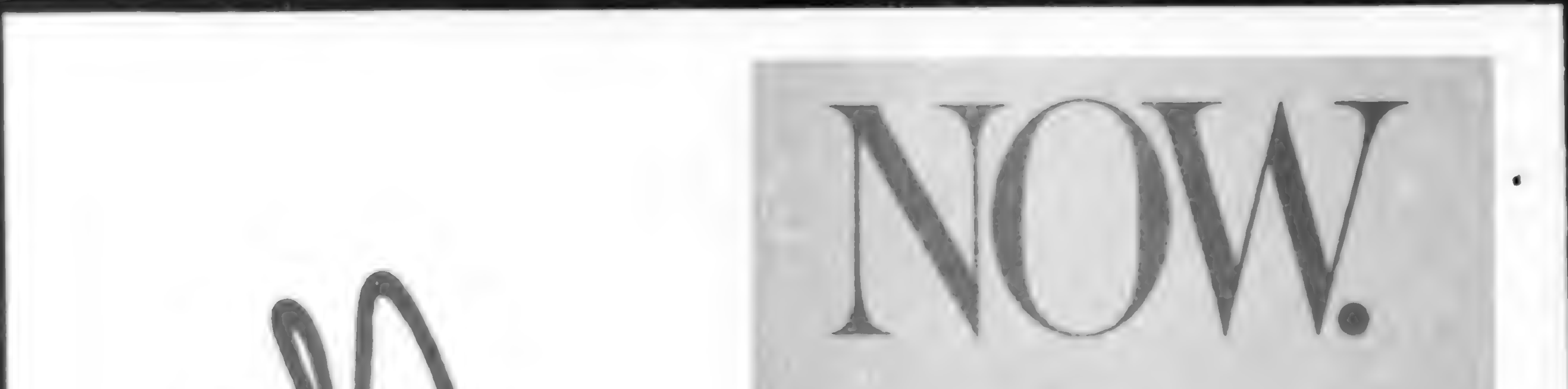
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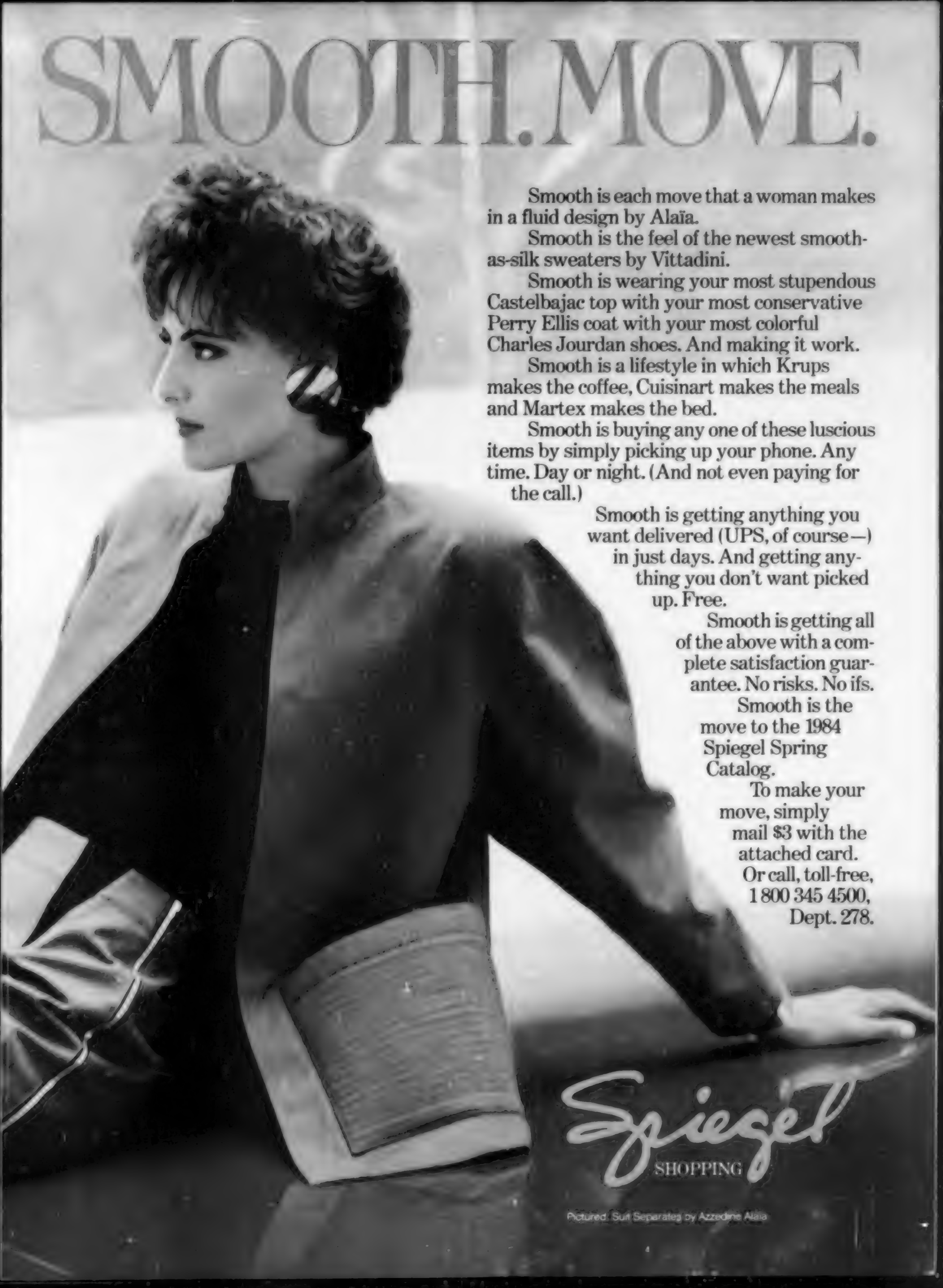

Smooth is each move that a woman makes in a fluid design by Alaïa.

Smooth is the feel of the newest smooth-as-silk sweaters by Vittadini.

Smooth is wearing your most stupendous Castelbajac top with your most conservative Perry Ellis coat with your most colorful Charles Jourdan shoes. And making it work.

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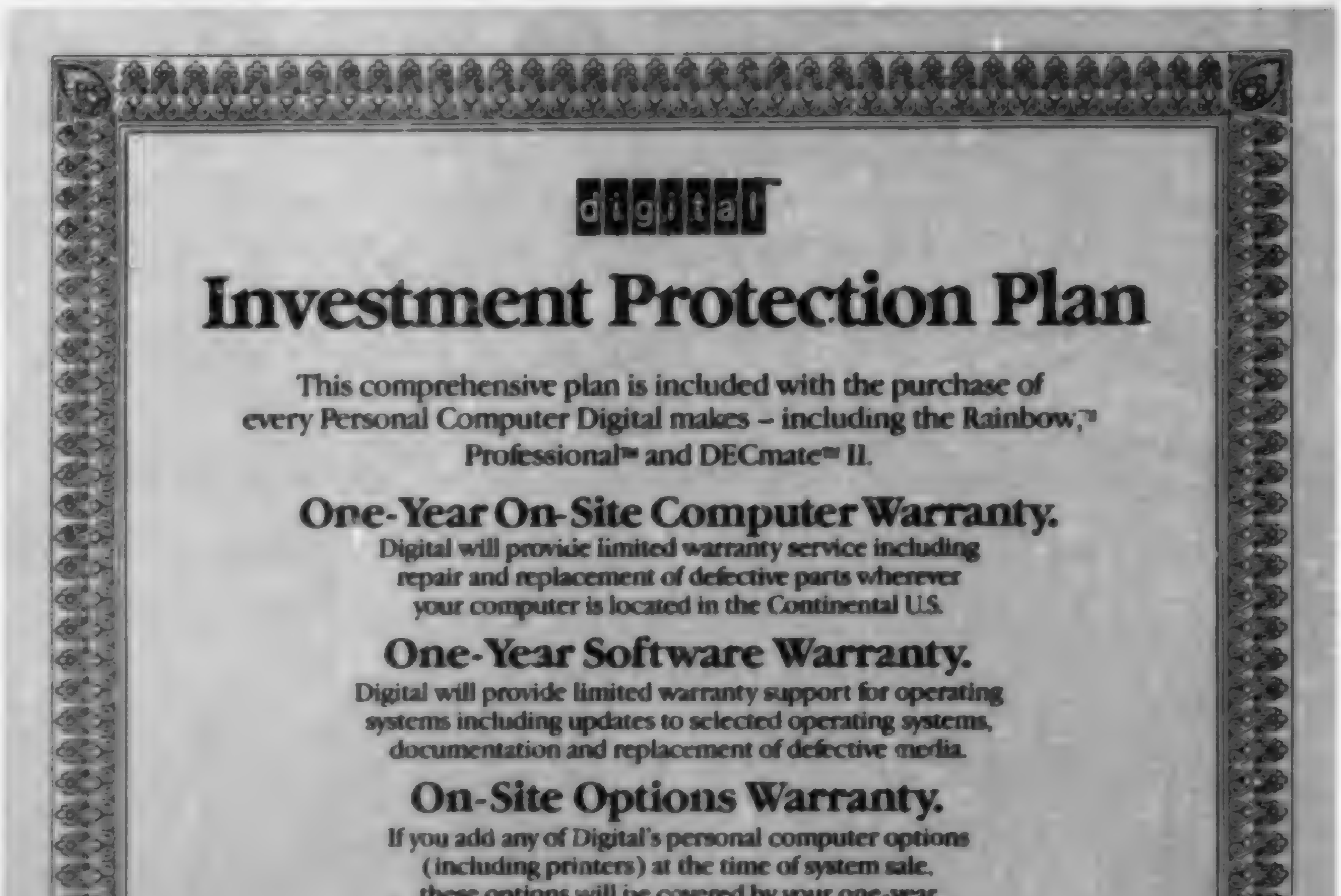

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PERSPECTIVE

In Defense of "Organized Womanhood"

Fortune's ***claim to the contrary, we've still got a long way to go.***

BY POLLY MADENWALD

Polly Madenwald is national president of the National Federation of Business and Professional Women's Clubs Inc.

An odd notion seems to be floating around that the women's movement and the issues it has raised have only a limited legitimate shelf life, and that after this undefined period of legitimacy, the issues are somehow automatically resolved. Any continued debate is deemed irrelevant or, worse, tiresome and self-serving.

I was reminded of this phenomenon recently by a column in *Fortune* (September 5, 1983) written by the magazine's associate managing editor, Daniel Seligman. In his essay, Seligman railed against advocacy groups—and the Business and Professional Women's Federation in particular—as "injustice collectors" and people who "seek out disillusionment."

The event on which Seligman based his comments was President Reagan's "caveman" statement. (Reagan, in front of BPW members from 56 countries, jovially identified himself as a fellow who believes that if it "wasn't for women, us men would still be walking around in skin suits carrying clubs.") Seligman went on to say that the idea that "the advocated cause is prevailing, or that the whole problem has somehow been solved, is threatening in the extreme to the career prospects, if not the raison d'être, of your average advocator. This is why organized womanhood is predisposed to find that the Reaganites are chauvinists, why minority group organizations like the NAACP put on equivalent performances . . ."

These comments demean the efforts of dedicated individuals who in many cases volunteer their time to further the fight against injustice, often to the detriment of their "career prospects." Most important, however, the assumption that our "cause" has prevailed and that the problem has been solved is laughable. A quick look at the record:

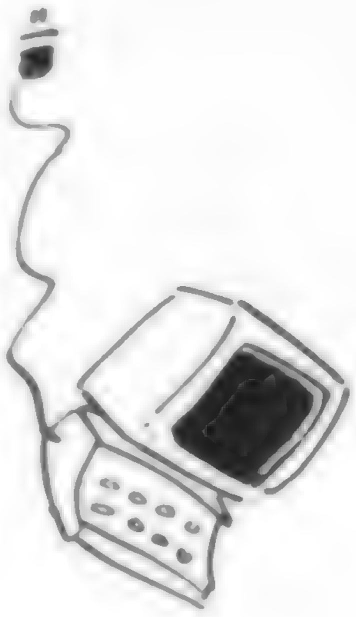
- Equal rights under the law are not guaranteed. Recent action by the Reagan administration against the spirit of Title IX (which prevents discrimination in education by withholding federal funds) demonstrates the fragile nature of legislative progress.
- Discrimination in Social Security and in insurance and pension programs still exists. Women achieved a major victory in the Supreme Court when Nathalie Norris won her pension discrimination case, and it was largely thanks to "organized womanhood"—WEAL, NOW's legal defense fund, and BPW, among others—who gave their support to this effort and helped to turn one individual's fight against injustice into a victory for all women. "Organized womanhood's" recent rigorous campaign in Congress against an equally committed and better-financed insurance lobby may result in the removal of discriminatory provisions from insurance laws (the bill was still under consideration at press time).
- Women still earn about 62 cents to a man's dollar, and three-fifths of all women who work earn less than $10,000 a year.
- Child care and dependent programs are inadequate. The lack of available and appropriate day care is not only a financial crisis, but also demonstrates a genuine lack of interest on the part of our society toward the stability of the family. A recent *Wall Street Journal* article decried the departure of women in management, highly trained professionals who have left the workplace for the home. The subtle implication is that women, for all our eagerness to participate in the workplace, are proving to be a bad investment. What is not mentioned is the reality of expensive and unreliable child care programs that create economic and emotional stress.

There is no need to "seek out disillusionment," Mr. Seligman. What "organized womanhood" must continue to do is to combat disillusionment, and to "collect injustice" for the purpose of eliminating it.

Photograph by Sue Klemens

Fear and Loathing in Silicon Valley

A sorry tale of shakeouts in the home-computer industry.



BY JOHN AND MARTHA KANES

Chippity-do-dah, California. *Lloyd Crosby, a sandy-haired man in his late twenties, remembers the good old days at Icon Industries—the Silicon Valley computer pioneer that made billions for its founders and was the inspiration for the popular tv comedy* Don't Byte the Brain That Feeds You.

When asked about Icon, Crosby's thoughts inevitably turn to Nigel "Nerd" Neumann, his seatmate in eighth-grade homeroom at Thomas Edison Junior High in Palo Alto, his eventual business partner, and now a fugitive from justice.

While the internal operations of Icon Industries have always been shrouded in secrecy, a disturbing tale of genius felled by greed can be pieced together from comments by insiders and documents filed with the SEC.

According to Crosby, Neumann's work habits were highly unorthodox. He spent only two hours a day at the office, mostly sitting and thinking in a sandbox he had built in the middle of the Icon complex. Intermittently, this eccentric billionaire would sketch out new computer models in crayon on a piece of yellow foolscap. Production of the latest Neumann creation would often begin within hours.

"It was a permanent party, and we never dreamed it would end," said Crosby, the firm's senior vice president.

But end it did. In just 73 hair-raising days in the fall of 1983, Icon stock tumbled from 189 to ⅜ before trading was halted on November 17. . . .

If that tale has a familiar ring to it, it's because lately we've been seeing more and more obituaries for high-flyers in the computer field. Yesterday's hot young companies like Osborne are now languishing in Chapter 11, while staid old IBM has become the hottest company this side of Tokyo.

Our story, of course, is pure parody; yet it is also intended as homage to the perspicacity and skepticism of the business press. No one expects reporters to accurately predict every flameout in an industry wracked by rapid technological change, but in general the business press has displayed a welcome questioning attitude toward the computer industry. This is in sharp contrast to the mainstream popular press, which has embraced the gospel of high technology with the enthusiasm of a convert at a revival meeting.

To appreciate the sins of megagush journalism, it is necessary only to reread the *Time* cover story that hailed the computer as 1982's "Man of the Year." *Time* trotted out a host of anecdotes (a California minister programmed his personal computer to recite the wedding ceremony) and was totally devoid of skepticism that the computer boom was being oversold. Yet a month earlier, in November 1982, *Business Week* was playing the role of Cassandra and accurately prophesying the coming shakeout in personal computers. *BW* even had the daring to state its pessimistic conclusions without any of the usual shilly-shallying: "Most companies in the market will not survive."

By late 1983, the rest of the business press had joined the bandwagon. In October, for example, *Forbes* posed the provocative question: "Could it be that the home computer market is approaching saturation at a time when less than 6 percent of all the households in the U.S. own one?" *Forbes* suggested that the answer is probably yes. Our own view is that computers may well become the Cuisinarts of the eighties—everyone has one, but it will be used only to chop onions. Amid the continuing ballyhoo for the computer revolution, the members of the business press can say with pride that they have raised a quizzical eyebrow. ▪

John and Martha Kanes are a husband-and-wife team of journalists.

Illustration by Patrick McDonnell

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Trapped by Trivia

Can too much expertise be hazardous to your career?

BY ADRIENNE RIVERA-SUTHERLAND AND KEN BLANCHARD

I have been employed just over a year as a bookkeeper in the two-person accounting department of a nonprofit corporation. The original finance director left eight months after she hired me. Her replacement walked off the job two weeks later. The newest department head has been here three months. She is kind, warm, and friendly, but her work is sloppy, disorganized, and full of errors. Because I am the only one who knows how our area functions and how to operate the computer, I have had to hold the department together during this rapid turnover. Now I am under a great deal of pressure to train my new boss, train a part-time assistant, and do most of the accounting, too.

I have carefully explained department procedures many times to my boss (and they are all detailed in a manual), but her mind is so scattered that she can't grasp the simplest tasks or remember anything she has been shown, even when she writes down the instructions. I am losing my patience. I took this job because I was burned out from a previous high-pressure position, and I accepted the low pay because I thought I could learn how to use a computer, train with a CPA, and continue my education in the evenings—and I like the company. Now I'm stuck with all the pressures and responsibilities plus the poor salary. (My boss earns almost $10,000 a year more than I do.)

I hesitate to discuss this with the corporation's executive director for fear it would look like I am sabotaging the finance director. But if I give up and quit now, the company will be left in the lurch. Is there some way I can remedy this situation before I blow my top?

Meredith
San Francisco, California

Ken replies:

The tough decisions in life are often not between good and good, but between rotten and rottener. You have four rotten choices:

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2. You can say nothing and hurt quietly. But why be a martyr?
3. You can discuss the problem with your boss: a risky proposition. How will she react when you confront her with her incompetence?
4. You can talk to the executive director. However, there's a chance she'll suspect you're acting only out

---

Adrienne Rivera-Sutherland, PhD, is a Connecticut therapist.

Ken Blanchard, PhD, is chairman of Blanchard Training and Development in Escondido, California, and coauthor of The One-Minute Manager *(Morrow, 1982).*

Illustration by Diana Leidel

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This is one of those instances when you need to bite the bullet and take a bit of a chance. Your best choice is to give the finance director the benefit of the doubt and discuss the situation with her. I'm convinced that people who are not making the grade in their jobs are aware of it and yearn to improve. In her heart, your boss knows that sticking you with all the work is unfair. Together you may be able to figure out a solution. If your boss won't cooperate, you can always go to the executive director next. If she accuses you of sabotaging your department head, the worst that could happen is that you'll leave the company and save a bundle on doctors' bills.

Adrienne replies:

If you want the finance director's job, take it. If you want to be a subordinate, then accept the role.

What intrigues me most is not what your current boss is or is not doing, but why you've let yourself get caught in the role of the subordinate who trains her supervisors. Your letter avoids the most obvious question: Why aren't *you* finance director?

The answer, unfortunately, lies beyond the simplicity of finance director roulette. Your silence in light of your boss's incompetence serves two ends. First, it validates a hiring system that has failed the corporation at least twice. Second, it removes you from consideration as finance director.

If you want to advance, then you must confront the issue of "sabotaging your boss." Unless there is a total breakdown in your department, you are the company's only reliable source of information on the accounting division's day-to-day effectiveness. Informing the executive director of your department head's real, continuing incompetence is therefore more than just acceptable; it is functionally required.

True, you could benefit from this revelation by getting the finance director's job. But this would be wrong only if you are not the best person for it and if your current boss is unfairly evaluated.

The other alternative (one that you seem comfortable with) is to remain in your position, but the circumstances suggest that this is a no-win situation at best. If you can adequately train your boss, then you've effectively put your career on hold for years. On the other hand, if she is unable to perform her job, even less good can result. She may use your experience and helpfulness to hide her own weaknesses. In addition to giving you a double workload, this makes you extremely vulnerable to scapegoating. She can say that any one of her foul-ups was an assignment she had delegated to you.

You are, unfortunately, abetting this process with your "they can't do that to me" attitude. You are a valuable and underrated member of the staff, but you are not irreplaceable. Replace your arrogance with confidence, and both you and the corporation will benefit.

What advice would you give the executive director if Meredith were to alert her to the finance director's incompetence?

Ken: Don't shoot the messenger for bearing bad news, or you'll lose a good worker and keep a poor one. Listen to her complaints, determine for yourself the effectiveness of the finance director, and then hold a meeting with both of them to air the problem. Meredith should be recognized and compensated for her work, and the finance director should be helped to either do her job or leave it.

Adrienne: Meredith is an asset to your company. By coming to you, she affirms her positive attitude and displays her loyalty. In turn, you must respond with leadership or lose her. Acknowledge that her work is valued and that you recognize the difficult situation she is in. Do not, however, accept at face value her perception of the finance director's incompetence. This will only invalidate your company's managerial hierarchy.

Instead, give her a serious lesson in career development. Tell her why she was not made department head and exactly what she must do to be considered for a promotion in the future. That way you'll take the heat off the finance director and you'll give Meredith an honest chance to break out of her dead-end job. ▭

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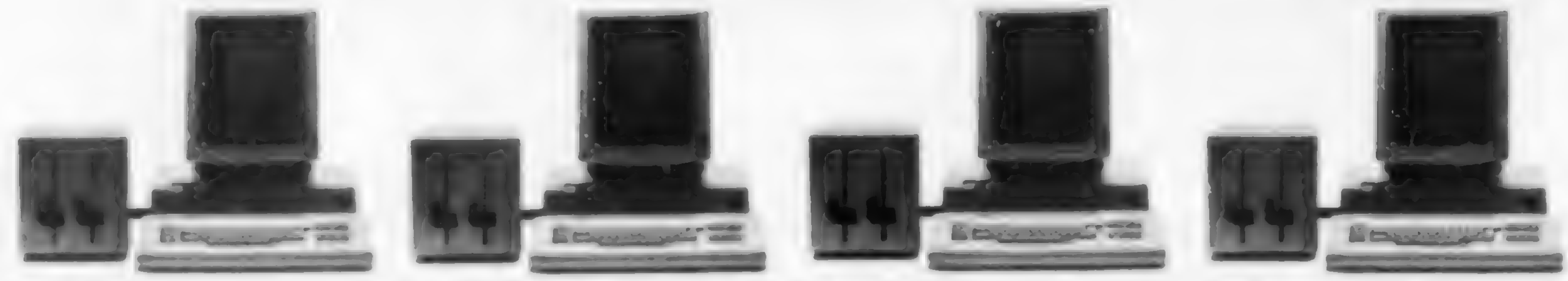

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FRONTLINES

WHERE ARE THEY NOW?

Finding out what *Savvy*'s former cover women are doing these days is as easy as opening the newspaper. Tracking them down is another story. Governor Cuomo's office said Alice Daniel was "on an indefinite vacation abroad and unreachable" (Daniel picked up her New York City phone on the first ring). Leslie Stahl's office had "no idea" when she might appear (Stahl herself answered the phone a few hours later). Christie Hefner was "on an island" (in California). A case of overprotective employees? No, just a pace that keeps everyone guessing.

EDITED BY ANN JAMISON LOFTIN

NANCY ENGLANDER

Director
The MacDowell Colony
JANUARY 1980

MacDowell's former director described her New Hampshire artists' colony as "an asylum where the illness is art." Now, as director of program planning and analysis for the $1.5 billion J. Paul Getty Trust in Los Angeles, Englander finds ways to spend the trust's $65 million annual interest on artistic activities: its new Center for the History of Art and the Humanities and an art history information program to improve access to educational resources. (1)

LESLIE STAHL

CBS White House
Correspondent
FEBRUARY 1980

Stahl wasn't itchy or bored being only a reporter, but people kept asking her "What are you going to do next?" until she, too, began wondering. "One day I was talking about my contract with my bosses and I said, 'You'll laugh when I tell you what I want' "—her own show with an audience. They said, "Well, you can't have all of that, but you can have this corner of that." Her "corner" is now the anchor position on the Sunday news program *Face the Nation*. So what's next? She may not be asked to anchor the evening news, but Stahl doesn't think about her career in terms of sex discrimination. "You have to tell yourself 'I didn't do a good job today. I'm going to have to do better tomorrow.' " (2)

CHRISTIE HEFNER

Vice President
Playboy Enterprises
MARCH 1980

On the eve of her accession to the Playboy throne, Christie Hefner's qualifications looked sketchy. But most observers agree she's brought a steadying influence to a notoriously rocky company, gradually divesting Playboy's more speculative holdings and developing more conservative ventures like "50–50 erotic and original" cable programming. As for the magazine itself, Hefner sees renewed promise for its premise: "While society has gone through a time of exploring the similarities between men and women, in a world where they have a

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Photographed by Chan Tin Shan

great deal in common professionally, we have a feeling that the differences between the sexes may be more attractive now." (3)

JANE CAHILL PFEIFFER

Chairman of the Board, NBC
MAY 1980

"Just how long Pfeiffer will stay at NBC is a subject of discussion. There are rumors that the RCA board is not pleased," *Savvy* reported in the spring of 1980. By summer, in a blaze of sensational headlines, Pfeiffer was out. But where do you go from the top? Pfeiffer went back to the boardroom: J.C. Penney, International Paper, Chesebrough-Pond's, the Rockefeller Foundation, Notre Dame University, and Carnegie Hall. She also serves on the Overseas Development Council. Not a bad life until someone offers her a job. (4)

ALICE DANIEL

Assistant Attorney General
U.S. Department of Justice
JUNE 1980

"I'll tell you something," said Daniel in her last months as assistant attorney general. "There's more soul-searching, more concern for ethical integrity among Justice Department lawyers than I've ever seen among civil liberties lawyers—and at the same sacrifice to monetary gain." Though she didn't include herself among the soul-searchers, the description fits. Having recently resigned from New York Governor Cuomo's administration after nine months of slogging through legislative law, Daniel will become a criminal court judge (pending confirmation this month) at considerable financial sacrifice. "I'm interested in real life—even the seamy side," jokes Daniel. "If I really wanted to make money I could go into private practice. It's crazy what those lawyers make." (5)

SANDRA BROWN

Entrepreneur
NOVEMBER 1980

A former self-described "paper millionaire" indicted for stealing $10 million from the Small Business Administration in 1980, Brown has been serving a two-to-fourteen-year term at New York's Bedford Hills minimum security prison for women—along with Jean Harris. Last October, NBC-TV's *First Camera* interviewed Brown in her "country club" prison. "I can't tell you what it's like when you first come to prison and they put you in this little cell and all of a sudden the steel door goes bang," she said. Since becoming eligible for work release last October, Brown is working for the Defendants' Consultation Service, a group that helps New York State prisoners obtain parole. She'll be marketing the service's computer research bank to prisons and private attorneys. (6)

FREDERICA VON STADE

Opera Singer
MARCH 1981

Mezzo-soprano "Flicka" von Stade sounds divine—both onstage and from a pay phone, where she raved to us about life between rehearsals: "There's such pleasure being in the middle of your career; a different sense of responsibility without any loss of energy or enthusiasm. And it's terrific fun coming back to the Met." (The New Jersey-bred singer left New York's Metropolitan Opera seven years ago for Paris and an international career.) "I'm lucky to have my household organized so the children [she and her husband have two] have everything they need. We're so thrilled with our children! They're irresistible! People are always asking me, 'Don't you feel guilty? Don't you have conflicts between career and family?' I really don't. It's all total joy." (7)

MARSHA ALLEN

Marketing Director
AT&T
APRIL 1981

"After about a year with AT&T, I realized that upper management had never competed before," Allen reports. "The company was bringing in a lot of rough-and-tumble streetfighters from IBM and Xerox and Exxon to prepare for the divestiture, and management was totally threatened, like people who never leave the suburbs. AT&T is very level conscious—there were ten levels of managers, which is incredible, and fifth-level managers might not even speak to the people who worked for them. I saw they wouldn't need my skills for a long time, because they were going to spend five years being emotionally upset about going into the open market. In athletic terms, they had a very deep bench, but they weren't using their players—and I like to play." Equitable Life Assurance snapped up Allen [now Allen-Collins] in January 1982 and made her an assistant vp. "This company is going through culture shock, too, going from insurance to financial services, but the leadership knows there's another world out there." (8)

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PAMELA WATERS

Industrial Designer
MAY 1981

In November 1981, Waters was chosen to address a conference of 500 Japanese women on career opportunities. "The Japanese thought everything had to be done in huge 'outfits.' I told them you don't need a big operation to do good work. What was Beethoven's staff?" When Waters got back to the U.S., it occurred to her that she was "becoming a manager, not a designer"—so she cut her staff to two. She's now designing spaces for the Association of Retarded Children, which means "thinking hard about the delicate balance between freedom and control." (9)

NANCY HAVENS

Limited Partner
Bear Stearns & Company
JANUARY 1982

Bear Stearns' arbitrageur Havens still plays squash, raises money for the Harvard Business School, and sings with the Blue Hill Troupe. In addition to sharing responsibility for betting company money on domestic "heart attack" deals—corporate liquidations, bankruptcy reorganizations, spinoffs, and leveraged buyouts—Havens now has sole responsibility for a foreign portfolio. "The only disadvantage is having to get up at 4 A.M.—especially because I still try to fit in my social life. But I don't like it when there's no pressure." (10)

PATRICIA A. GOLDMAN

Member
National Transportation Safety Board
MARCH 1982

Goldman was a five-year appointee in her third term when she and her husband, former Senator Charles Goodell, talked about an extraordinary sixteen-year relationship: to the Republican party and to each other. Goldman, who led the fight to get the ERA on the Republican party platform in 1976, isn't exactly a shoo-in for an NTSB reappointment this month. But she's confident of surviving the Reagan administration just as her marriage has survived her husband's heart attack and two miscarriages over the past two years. "The tragedies I deal with in this job put my own life in perspective." (11)

KATHRYN SCHROTENBOER

Obstetrician/Gynecologist
New York Hospital
JUNE 1982

Schrotenboer was one of the few "New Madonnas" who seemed to have everything under control: an absorbing career, a good marriage, two live-in nannies for the children. "I was so one-sided," she says today. "You get to the point where you don't need more achievement or money from your career. I still love what I'm doing, but my time away from work is more important now." Schrotenboer has separated from her husband. She is finishing her second book, on pregnancy after 35. (12)

BARBARA FRANKLIN

Senior Fellow
Wharton School
DECEMBER 1982

The public management expert who gave such good free advice about "personal power" (be likeable, but don't con anyone), is now making advice her business. Franklin's new Washington-based consultancy will help companies address environmental concerns and meet health and safety standards. Backed by six years of government regulatory experience, Franklin's credentials for the job are impeccable. Her only problem at the moment is curbing the business's potential for runaway growth. "There are advantages to staying small," she says, "and it can also be more profitable." (13)

PEGGY VANDERVOORT

Syndicator
FEBRUARY 1983

After appearing on the cover, three-year-old filly Jazzerciser won a $25,500 allowance race at Saratoga. Her owner, bloodstock agent Peggy Vandervoort, is now a trustee of the New York Racing Association. (14)

GAIL LEVENSTEIN

Vice President, Licensing
Bill Blass
MAY 1983

"Every time I see that question on the cover—'What does Bill Blass know about chocolate?'—it makes me furious," says Levenstein. "We were serious about making quality chocolate; we weren't doing it as a joke." But after a change in management, Blass's licensee, Godiva, "treated us like unwanted stepchildren." Blass dropped out of the chocolate business "with a thud," and Levenstein vows never to stray again from what Blass knows best. "When you leave your own area, your credibility is affected." (15) ▬

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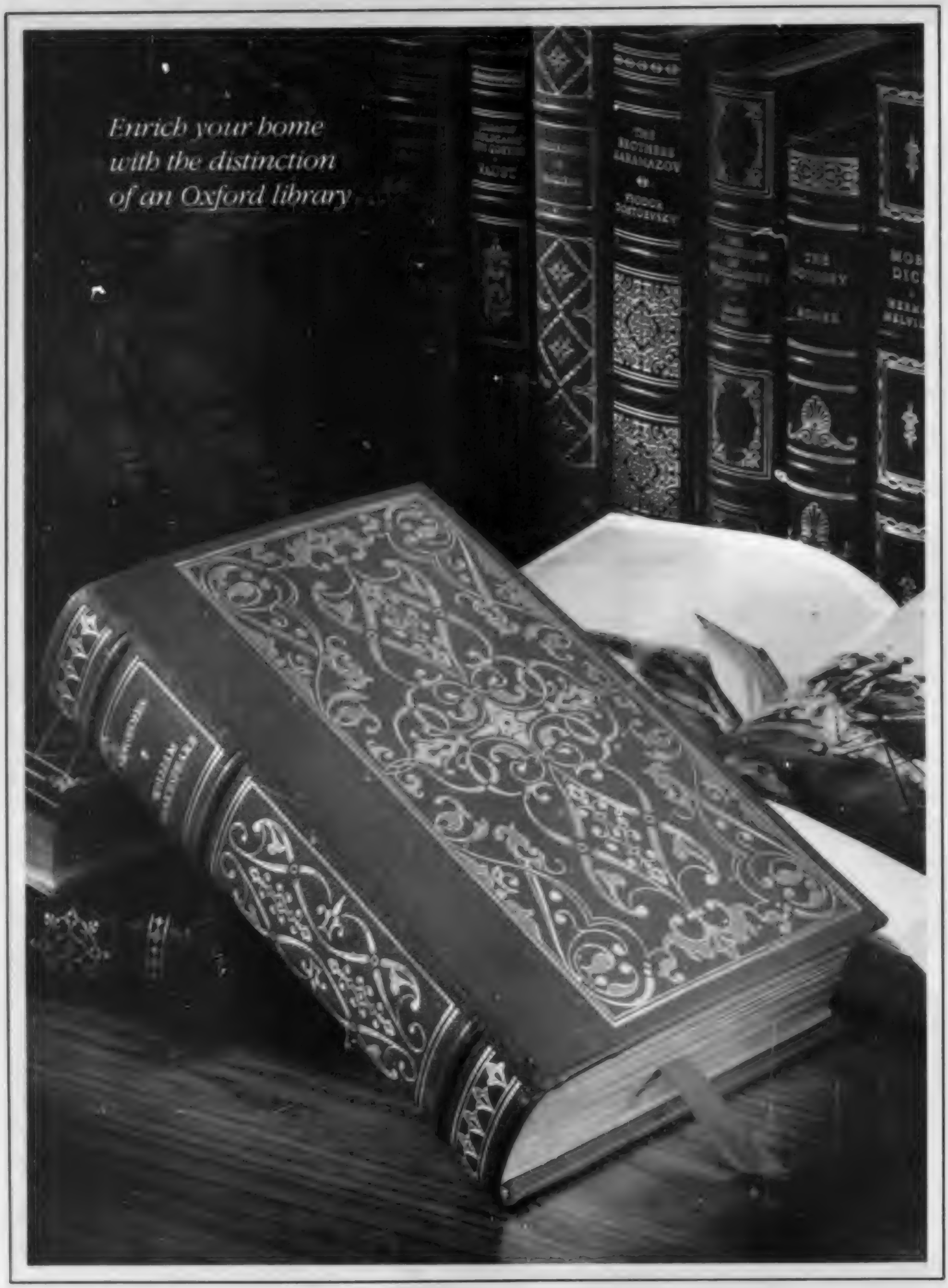
PREDICTABLE CAREER STAGES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TOOLS OF THE TRADE

INVESTMENTS

Doing It in Publics

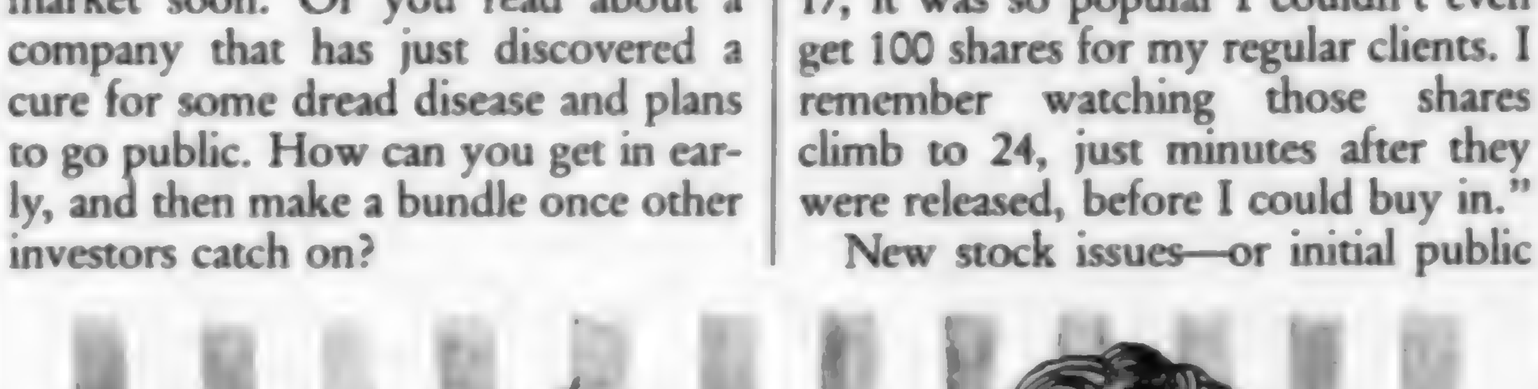
New stock offerings are tough to tap, but they're worth the effort—and the risk.

BY JILL ANDRESKY FRASER

You're at a cocktail party and a friend gives you a tip about a hot new stock that's coming on the market soon. Or you read about a company that has just discovered a cure for some dread disease and plans to go public. How can you get in early, and then make a bundle once other investors catch on?

"It's really tough," says Ellen J. Ellison, an account executive at Merrill Lynch's Springfield, Massachusetts, operation. "When Value Line, the investment firm, went public at 17, it was so popular I couldn't even get 100 shares for my regular clients. I remember watching those shares climb to 24, just minutes after they were released, before I could buy in."

New stock issues—or initial public offerings (IPOs) as they are termed—have always been attractive to investors, although they're riskier and more volatile than regular stocks. There's an undeniable excitement about betting on a complete unknown. As Ellison puts it, "Everybody wants to discover the IBM of the future."



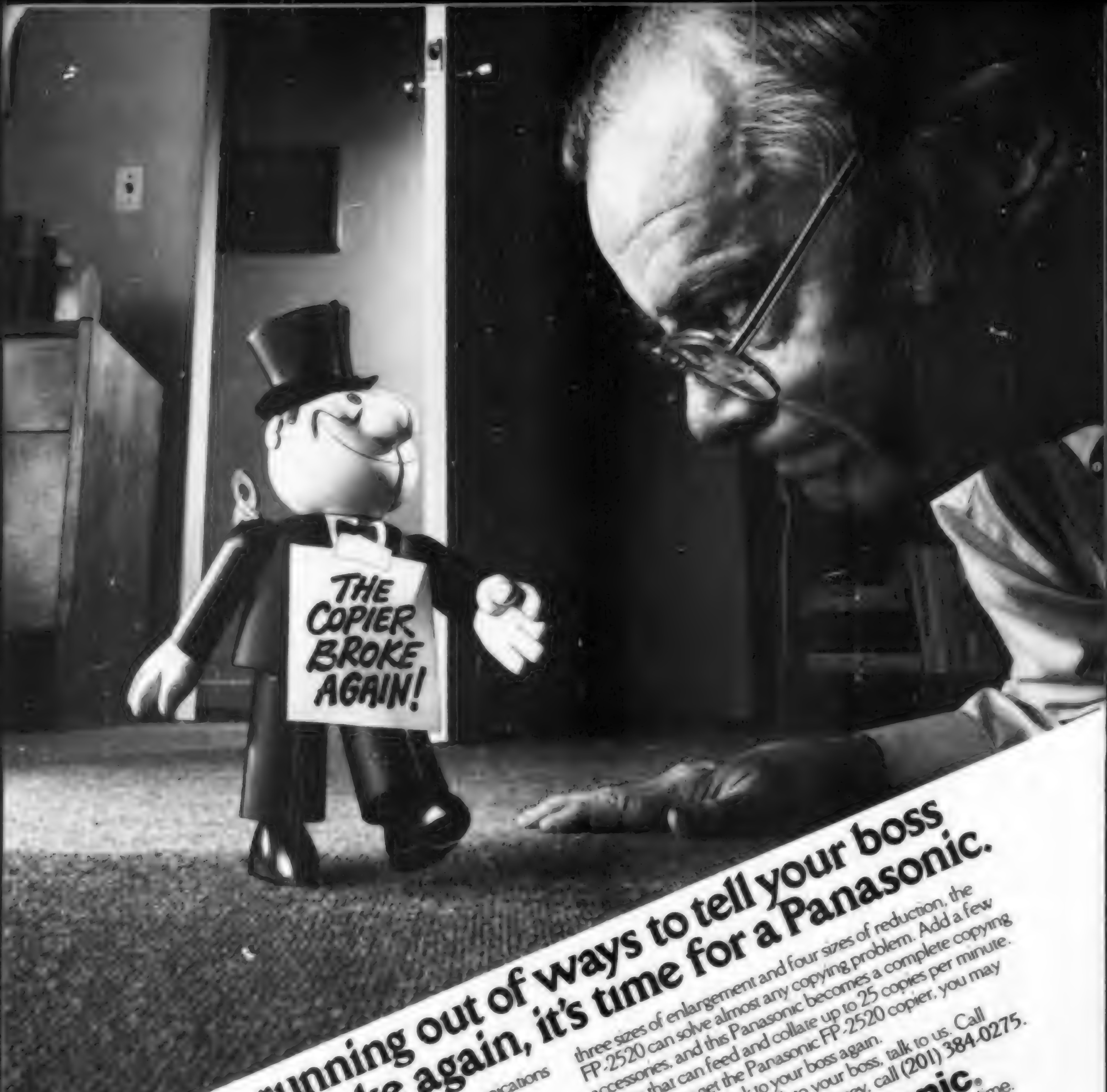
Illustrated by Jo Teodorescu

IPOs cannot be easily categorized. They may be issued and sold by long-established private firms, by new companies that have yet to earn a dime in profits, or by any type of business in between. Hence, IPOs can be extremely risky—for example, when the company has a great idea but no product yet—or not so risky, if the investment is in a ninety-year-old successful family business finally going public.

When the market is strong and most stocks are selling at high premiums—as they were during the bull market of 1983—the rate of new stock issues goes up dramatically. In the first seven months of 1983, 418 IPOs came on the market, more than twice the number offered during the same period in 1982. Those IPOs generally raised $10 million or more for the companies that issued them. Investors did pretty well, too, especially during the first half of the year. Televideo Systems and Trak Auto, two stars of 1983, more than doubled their initial price-per-share within months.

Yet even in the strongest bull market, not every IPO achieves such spectacular gains. And when the bull slows down, new issues are among the first to suffer from waning investor interest. Still, in theory investors can hope to earn at least a 10 to 20 percent profit on their investment, because the underwriters that prepare

Jill Andresky Fraser last wrote for Savvy *about the best and worst cities for women managers (October 1983).*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and sell stock offerings price IPOs at a discount from what they guess the share's worth to be.

"It's sort of a compensation for the risk," says Jane Majeski, a corporate finance associate at Shearson/American Express. "We determine roughly what the shares are worth by looking at historical earnings, projected earnings, the price-to-earnings ratios of other firms in the industry, and so on. Then we factor in a discount. If the market behaves the way it should, that stock will soon rise to its proper value."

Of course, what makes IPOs risky is that the market seldom behaves the way it should. New stocks attract hedge funds, or "flippers," as they are known in the industry. These investor groups buy IPOs in huge quantities to make a quick killing of from one-half to one full point per share and then sell, often throwing the burgeoning market for that issue into disarray. One broker reports, "No company wants its new issue to get into the hands of hedge funds, so underwriters won't sell to known flippers. But it's almost impossible to avoid hedge funds, since they'll buy through three or four different middlemen if they want in."

Regardless of flippers, investors in IPOs must be braced for some wild price swings, both up and down. New stocks have perhaps one million shares outstanding—compared with the more standard six or seven million of established firms—so even a relatively modest trade of 10,000 shares can precipitate a domino effect and shake up the market for that stock.

Because of this volatility, most brokers recommend that small investors buy IPOs for long-term capital gains rather than, as one puts it, "the short pop." In other words, look for companies with good fundamentals that should earn them a strong position in the market over the next few years.

If you're considering investing in an IPO, your first step should be to examine the preliminary prospectus (available from any of the brokers listed in the newspaper announcement of the stock sale). The prospectus, prepared by an underwriter and registered with the Securities and Exchange Commission, provides all the information you'll need to appraise the fundamentals. Remember, though, that a prospectus is not a recommendation from either the SEC or the underwriter that investors buy a particular stock.

Once you have the document, Shearson's Majeski suggests turning to several key sections: risk factors, past earnings and projections, use of stock proceeds, management experience, and competition. Common sense will help you weed out some of the riskiest ventures—for example, firms that indicate management won't spend much time on the business (an admission required by law) or those that haven't yet decided how they'll spend the capital their offering will raise.

"When you look at the financial statements, check to see if the company has had any earnings and, if so, whether they've risen while sales have gone up," recommends ML's Ellison. "Pay attention to the footnotes, just as you would with an annual report. That's where you'll see what kind of debt the company has, how it reports income, and other important details."

If you find an IPO you like, be prepared for disappointment: there's no guarantee you'll be able to buy in at all, let alone buy the number of shares you want from the initial offering. That's because of the peculiar way in which IPOs are sold. The lead underwriter (the firm that prepared the prospectus) actually buys the vast bulk of shares directly from the company—maybe 800,000 out of a total of 1 million; a group of other brokerage houses, perhaps a dozen or so, picks up the rest. Then all these firms sell the stock they own to the public at an initial offering price finalized just before the sale. (The prospectus announces only an anticipated price range.)

If a brokerage firm has just 50,000

BOOK BRIEF

HIGH-TECH:
How To Find and Profit From Today's New Super Stocks
By Albert Toney and Thomas Tilling
Simon & Schuster, $16.95

HIGH-TECH INVESTING
By Roger W. Bridwell
Times Books, $17.65

In the frenzied new issues market, high-technology companies are leading the way. How do you begin to assemble an investment portfolio from the emerging high-tech stocks? A good place to start is by reading these two books.

Toney and Tilling's book, written in a lively, chatty style, provides a crash course in stock analysis for beginners. It explains what you need to know about a company before you invest, how to spot an emerging high-tech winner, and what to be wary of. For instance, a company's record may be excellent, but if one customer accounts for more than 10 percent of the revenues, look out. A principal buyer can call the shots on prices, delivery dates—even product design—with disastrous results.

The book's second section investigates particular high-tech industries—e.g., genetic engineering, robotics—with brief histories and a discussion of projected market growth.

Bridwell's investment guide is useful for those with a passing understanding of security analysis. The author emphasizes how important it is to study the historical records of growth industries before investing. With an explorer's enthusiasm, he leads you on a journey that begins with the discovery of the transistor and ends with new developments in computers and genetic engineering.

Bridwell also profiles America's great stock-market speculators—Bernard Baruch and Joseph Kennedy, among others—to show how the pros amassed their fortunes. The key: they researched a stock exhaustively before investing in it. That's especially good advice today.

—ETHEL WEINBERG

Book Brief illustration by Henrik Drescher

shares of a popular IPO to sell, odds are that small investors will lose out. "If Joan Q. Public calls me and says she wants a piece of a hot issue, she hasn't got much of a chance, unless we've got a lot of that stock to sell," admits one broker. "And if she's not a regular client of mine, there's no way I'll fight to get her anything good." With most new stock issues, institutional investors—mutual funds and the like—buy huge bulk orders and then brokers divvy up the leftovers among their best customers.

Such warnings aside, a persistent small investor can tap the new issues market. "Transfer your brokerage business to a firm that's involved in a lot of new issues," advises Majeski. "That way you can build a relationship with a broker and let her know you're interested in getting into IPOs." Generally speaking, this means sticking to the biggest retail brokerage houses—Shearson, Merrill Lynch, and so on. One extra sweetener: brokers do not charge a fee on IPO transactions, since they make their profit on the spread between what they've paid for the stock and the resale price.

If you live beyond the financial centers of New York and the West Coast, you may choose to do business with a regional branch of a Wall Street firm rather than corresponding long-distance with the home office. There are advantages and disadvantages to a local arrangement. Brokers at the central offices get more hot issues to sell overall than their colleagues in smaller cities. On the other hand, should a company in your area go public, your neighborhood broker is likely to receive the bulk of the shares, on the assumption that locals will be more eager to invest in new issues. And a regional broker might have fewer institutional clients competing for her attention.

One final point to consider: if your broker does get you into a new issue, the number of shares you are able to purchase will be based on many factors—including the broker's total allotment and how she decides to divide it among her customers—and the figure will very likely bear no relation to the number you ordered. You'll probably end up with an odd lot (not divisible by 100), which means you will have to pay higher broker fees when you finally sell the stock—an added inducement to hang on for the long haul. =

OUT TO LUNCH

The Executive's Guide To Successful Stalling

Got a problem? Here are seven ways to get yourself noticed while avoiding it.

BY PATTON G. GALLOWAY

One well-kept secret of the business world is how to avoid taking action. Any manager worth her attaché case can make decisions, but what really opens the doors to the executive suite is a different kind of expertise: knowing how to stall successfully.

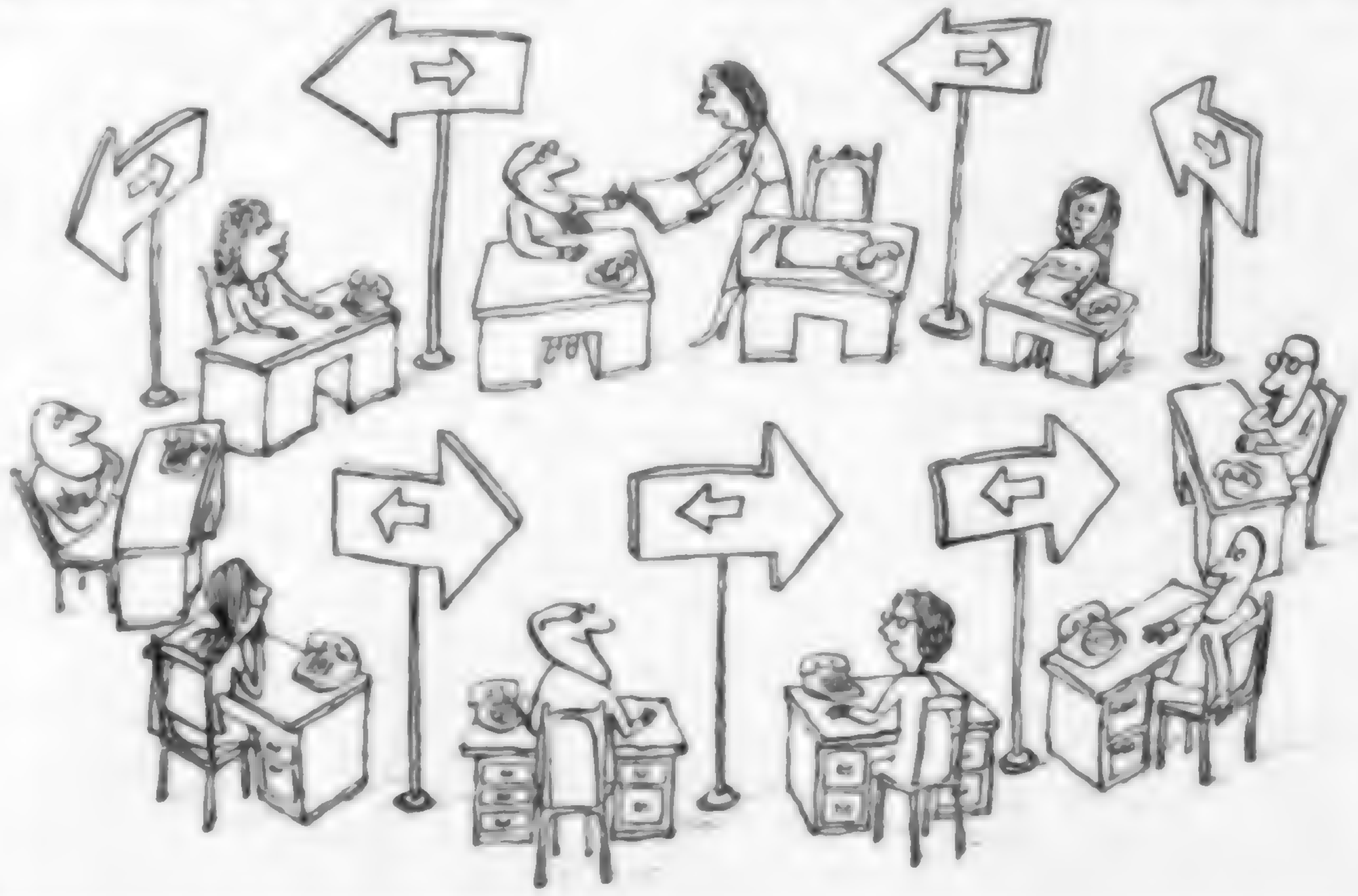
To get on the fast track in management, you need to slow down. And you must understand that problems should be processed, not solved. The problem solver toils away in lonely isolation, unrecognized and unrewarded. If the solution she finally comes up with doesn't work, it's all her fault. The problem processor, on the other hand, makes useful contacts and gets herself noticed. Since she doesn't actually do anything, she doesn't risk making mistakes.

To illustrate this crucial distinction, consider what happens when a problem arises in a typical office. The boss assigns it to, say, Daphne, who figures out a solution and reports back. Pronto. And all by herself. Is her enterprise rewarded? Of course not. The boss figures that the problem couldn't have amounted to much if Daphne could solve it unaided and in record time.

Then assume that the boss refers a similar project to Deirdre. What does she do? She churns out memos on the subject, appoints a committee to consider it, consults experts, and creates a veritable whirlwind of activity. And the boss's reaction? "That Deirdre, she's one to watch. I turned a tough problem over to her and she really took hold of it. She has half of the office working on it now." The fact that the problem remains unsolved fades into insignificance in the face of Deirdre's energetic attack.

Here then are seven time-proven strategies for stalling. With this list in hand, and enough chutzpah to carry it out, you can look forward to a suc-

Patton G. Galloway, a writer in Raleigh, North Carolina, worked in government agencies for 30 years.



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cessful career of purposeless activity.

1. *Make up a file.* There it is—a neatly labeled file folder, proof that something's being done. Now, when someone brings up the subject, you can tell them you've got a file on that. True, the file may contain nothing but the memo referring the problem to you, but who's to know?

2. *Call a meeting.* Then, when the boss checks to see what you've done, you can report that you're getting some key people together to work on it. And remember: the more people you involve, the harder it will be to find a mutually acceptable meeting date.

3. *Hold a conference.* A conference is to a meeting what a marathon is to a two-mile jog. It stretches out over a longer time span and involves more people, thereby lessening the possibility of anything getting accomplished. Sometimes a conference is called a "retreat," which means that it is held in a less accessible location, preferably a resort.

4. *Staff the matter.* Write a memo setting forth the problem in as confusing a way as possible, then distribute the memo to everyone you can think of. Or just clip a routing slip to your file and send it around for comment. That should delay things for several weeks, or longer if it's summer.

5. *Initiate an investigation.* But be careful to avoid those people who really know something about the subject. They might come up with a solution. This shouldn't be too hard, because any well-staffed office has plenty of incompetent people who are self-styled experts on any subject.

6. *Appoint a committee.* Committees are unexcelled for keeping a problem going without actually doing much about it. But do use some caution. Committees have been known to turn insignificant problems into flourishing growth industries just to keep themselves in business.

7. *Call in a consultant.* Experienced consultants can be relied on to give you a glossy, impressive report that not only obscures the issue but calls for further study. After all, they have a living to earn, too.

By the time you've exhausted these seven options, chances are that the problem will have: (1) solved itself; (2) changed so much that it's become a whole new problem; or (3) become a nonproblem, because people have learned to live with it.

ENTREPRENEURS

Staff for Rent

If you own a small business but hate administrative duties, an employee leasing service may be the answer.

BY BILL HUNTER

You've heard of leasing cars, office space, and computer equipment. Now, if you run a small company, you might consider renting your entire staff. Through a new practice called employee leasing, a business owner can escape the hassles of day-to-day personnel administration while offering her workers a more attractive set of benefits. And a recent clause of the 1982 Tax Equality and Fiscal Responsibility Act (TEFRA) allows a leasing service subscriber to write herself a more lucrative pension program at the same time.

The concept of employee leasing is relatively simple. The owner of a small firm turns over responsibility for present and future employees to a larger concern, which arranges benefits, maintains personnel records, supervises staff, and recruits qualified people. Because it has many more employees, the leasing firm can take advantage of group benefit rates and put together a fringe package that is far superior to that of the small business.

Right now about a dozen companies across the U.S. provide contract staffing services. "Most definitely it's an emerging trend," says Rosemary Arno, regional manager of the Syracuse, New York, office of Pay Staff Inc., a four-year-old organization of some 1,500 employees with headquarters in Long Beach, California. "The number of employee leasing firms will at least double, maybe triple in the next two years. We have clients who say they wish we'd been around twenty years ago. They appreciate the fact that they now can concentrate on making their businesses progress as opposed to spending half their time on employee-related chores."

Many of the clients who tap the new leasing firms are professionals—physicians, dentists, attorneys, accountants, architects, management consultants, and advertising counselors. Shop owners and entrepreneurs also find the service helpful; some of Pay Staff's 200 accounts include a meat-packing firm, automotive repair shop, yogurt factory, furniture annex, chiropractor, pest exterminator, and landscaper.

The process begins when the owner of a small business "fires" her support employees. The leasing company then hires them and contracts them back to the original business, usually at the same pay—but with much-improved benefits. Contract Staffing of America (CSA), an employee-leasing firm with headquarters in Tustin, California, and regional offices in eleven major metropolitan areas, provides its staff with a comprehensive medical and dental program (including orthodontic coverage); maternity benefits; life insurance in the amount of the employee's annual salary plus $5,000; dismemberment and long-term disability insurance; workers' compen-

Bill Hunter's last article for Savvy *was "The Visible Manager" (December 1983).*

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Because the new benefits packages are so appealing, employee turnover in the small business often declines. "Before some of our subscribers signed on, their employees were moving around," says Kathie Boice, CSA marketing administrator. "An employer down the hall would offer them $50 more, and they'd be gone. When offices have better benefits, their workers stay longer." Women employees also gain from the immediate and full vesting of pensions which is part of the contracting bargain. "Historically, many women were terminated from their positions before they could receive pension benefits," says Boice.

The business owner receives another sort of benefit: a leasing firm can help ease the blizzard of paper that crosses her desk each week. Instead of the many checks that she would sign as the employer to cover payroll and tax liabilities, a CSA client writes only two checks a month. "The first includes the salaries, benefits, taxes, and a markup," explains Boice. "The second is for adjustments like overtime."

Such conveniences alone do not account for the recent popularity of employee leasing. More important, a subscriber can take advantage of a special clause of the TEFRA law to expand her own retirement funds. TEFRA was designed to prevent top executives from writing themselves cushy pension programs at the expense of everybody else in a closely held corporation. The law would have scuttled employee leasing, were it not for a safe harbor provision (effective this month) that permits contract staffing if the leasing firm meets certain stringent requirements: it must be a separate entity, be the legal employer of the staff, and provide a minimum of 7½ percent employee contribution to a money-purchase pension plan that is not integrated with Social Security. Assuming the leasing firm adheres to these provisions, a business owner who uses it can freely and legally look after her financial future. "If I had my own company, I'd think this was dynamite," says Faith Rainbolt, the national director of field supervisors at Pay Staff. "It would give me a chance to develop my own pension plan better than if I had to include all my employees in it. And yet I would feel good about giving them additional security."

The IRS is primed to catch any abuses of the clause, to ensure that the rank-and-file workers in any company will not be deprived of their rightful pensions. Sheldon Cohen, CSA's legal counsel who lobbied for the clause, recently told the Orange County (California) Medical Association about a doctor who insisted that he didn't have to offer his nurse a pension because she was an "independent contractor." "I explained to him that just because we label someone an independent contractor doesn't make it so," says Cohen. "You can't just say, 'You don't work for me anymore; you work for yourself.' If she works for herself, she sets her own hours, her own leave, and tells you when she's going to come and go. That doesn't work and everybody knows it doesn't work. It would take a revenue agent about two seconds to see through that. I would hate to get the bill for back taxes, not filed, in such a case."

Although the safe harbor provision focuses only on pension benefits, the leasing firms know that to receive the continued support of legislators, they must provide greater total benefit packages and act as responsible employers. The companies have tried to establish unequivocal manager-employee relationships with their staffs: not only do they prepare and distribute payroll and benefits, but they hire, fire, set wages, and even supervise. CSA and Pay Staff have a network of field supervisors who function as liaisons between the lessor and the lessee.

Clients, of course, retain enough control over the employees to keep their businesses running smoothly. Subscribers continue to give daily direction in routine matters and will consult with field supervisors only under unusual circumstances. And while the staffing company does the hiring, the business owners have the right to veto any candidates. When staff needs to be added, the client calls her field supervisor and gives a job description; the supervisor then recruits and screens applicants. "We run the ads and send the candidates to the client for final input on the selection," Boice explains. "It's like having an off-site personnel department."

Firings are handled in a similar manner. If a client is unhappy with an employee, the field supervisor will send in one replacement after another until the boss is satisfied. (The employees who do not meet the subscriber's needs are usually reassigned elsewhere.)

The cost of employing a staffing company varies greatly, depending on what services are needed. CSA charges approximately 30 to 37 percent over base payroll, which covers benefits, mandatory taxes, and the company's fee. Pay Staff cites a figure of 30 to 40 percent. Small-business owners who do not lease support staff "can expect to pay 40 to 60 percent above base salaries" for benefits and taxes, says Boice. "Costs for payroll, accounting, personnel record keeping, sick leave, absenteeism, and so on require extraordinary outlays of money and time." One CSA subscriber in Washington, Boice recalls, had a tax liability of $80,000 before turning to contract staffing; it's now $11,000.

Because employee leasing is such a new concept, many people have tended to shy away from it. Staffing firms recommend that hesitant business owners test the waters gradually. "We invite them to try it with maybe one department first, instead of the whole staff," says Arno. "One of our clients leased its clerical staff and mechanics. They found it worked so well that now they're turning their truck drivers over to us." =

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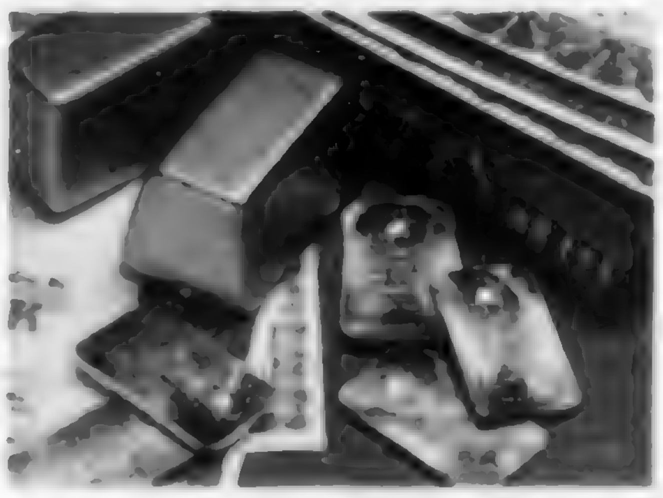

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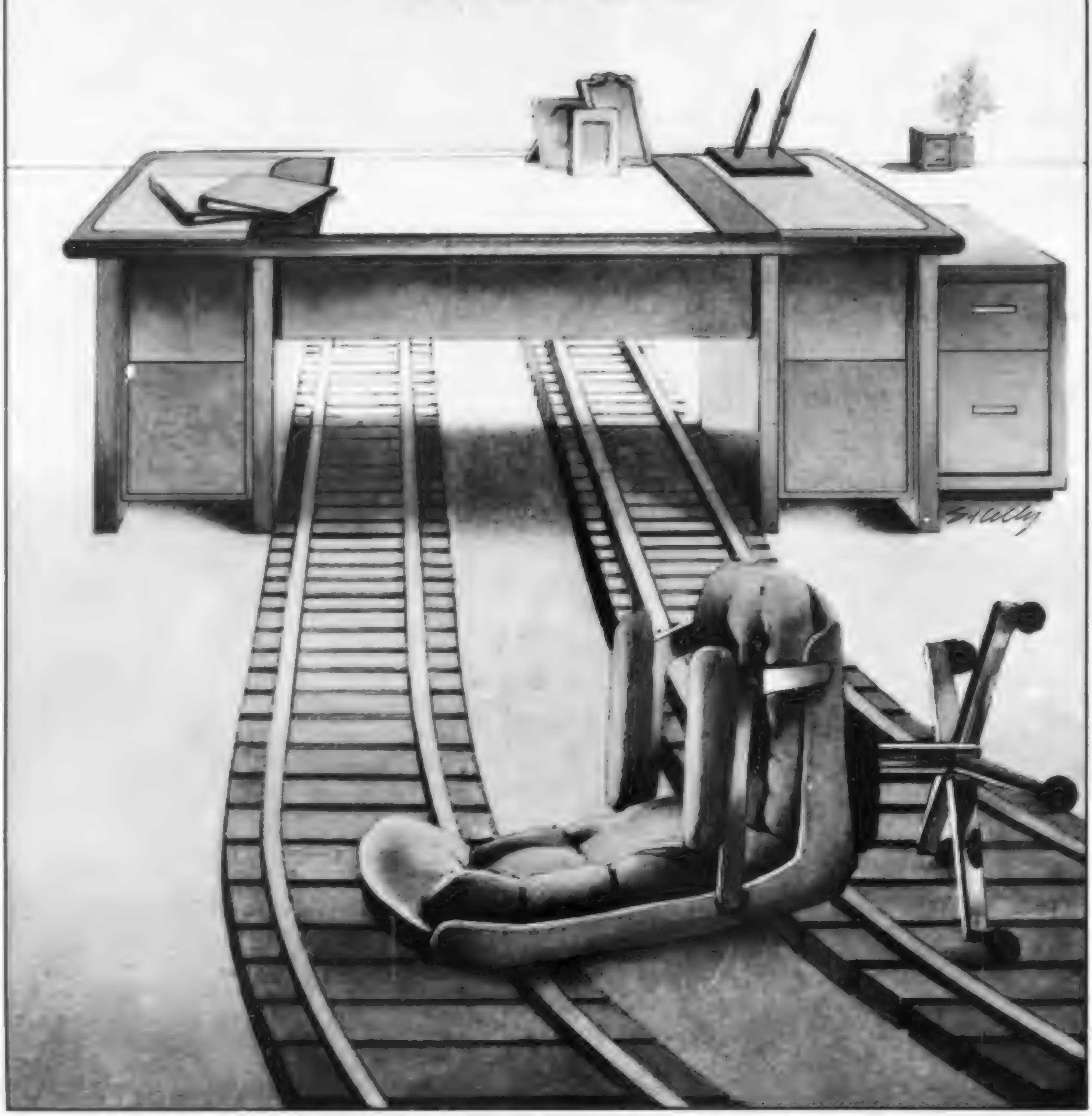

Illustration by Susannah Kelly

A new study reveals some surprising findings about the fatal flaws of top managers.

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BY HENRY WEIL

Two high-level managers are being considered for promotion to a top position at a large corporation. Each has performed well over a twenty-five-year career in a variety of capacities—although each has made notable mistakes. Candidate A is a hard-nosed, demanding taskmaster who doesn't care whose feathers are ruffled as long as the job gets done and who can always find the guilty culprit when the work falls behind schedule. Candidate B puts in long hours and expects subordinates to do so, too, but seldom demands extra effort explicitly. Candidate B also brings in results but usually accepts the blame personally if there's a delay.

When subordinates have personal problems, Candidate A will explain that it's too bad, but personal difficulties should never interfere with work. Candidate B will be instantly sympathetic and will make allowances. Moreover, Candidate B will listen to experts who know more about a specialized area of business and will usually accept their counsel. Candidate A is so confident and has been so successful making hip-shot decisions that anyone else's advice is usually ignored.

Candidate B gets the job. True or false?

The answer, according to a recent study of corporate life, is true. Behavioral scientists at the Center for Creative Leadership in Greensboro, North Carolina, discovered that, contrary to popular wisdom, nice guys don't necessarily finish last.

A nonprofit organization founded in 1969, the Center for Creative Leadership seeks to identify and teach the elements of effective leadership in government, industry, and universities. Among its many projects is a sweeping study of executive learning, growth, and development, sponsored by ARMCO Steel, Merrill Lynch, Sun Company, Union Carbide, and Westinghouse Electric. One part of this study sought to answer the question "Why do the careers of successful executives suddenly come to a halt?" The center's answers were provided by a research team headed by Morgan W. McCall Jr. (PhD in organizational behavior from Cornell), Michael M. Lombardo (EdD from the University of North Carolina at Greensboro), and Ann M. Morrison (MA in psychology from Bucknell and MBA from Wake Forest).

The center's team had hoped to identify the pivotal factors leading to success but found instead that the factors interfering with it were more clear-cut. The researchers were allowed to comb the top executive offices at several Fortune 100 companies looking for both on-track careers and those that had derailed. They interviewed executives, the executives' associates, and senior human resource personnel. Some interviewees were asked to detail the careers of both successful and failed executives they had known. Others—successes—were asked to describe their own careers. Says Lombardo, "Every question we asked got a story. We were frankly amazed. One guy said, 'At last, somebody finally asked me about what's important to me.' " Adds Ann Morrison: "I was surprised at the candor with which they admitted their mistakes." The executives, in short, unburdened themselves to the researchers as if to their therapists.

The executives' average age was forty-seven, and because of the promotion patterns at the cooperating companies, most of the 105 subjects of the study were men. (The researchers insist that their findings are equally valid for women—with one important difference, as will be discussed later.) The executives—successes and failures—all shared certain traits. The researchers identified seven and noted that while no executive had them all, each had at least two: 1) they had built impressive track records that usually began while they were still young; 2) they were well-liked; 3) they had brilliant technical minds; 4) they were loyal to their colleagues and their companies, and they were self-sacrificing; 5) they were ambitious and adroit manipulators of their own careers; 6) they received an important promotion during a major reorganization or merger; 7) their subordinates performed enthusiastically and skillfully under their supervision.

But all of the rising executives—every one—had also suffered from serious setbacks in their careers and major flaws in their performances. Two-thirds had fumbled assignments at one time or another, or had missed promotions, had been assigned to dead-end jobs, had fought with a boss and lost, had been demoted or fired, or had found themselves over their heads in a new job assignment. One executive said to the researchers, "Here are the three most common mistakes managers make, and I ought to know. I've made them all."

Another executive, who early on found himself in a dead-end job, quit and walked down to the personnel office. He reapplied for a job with the same corporation, requesting a different division, and went on to be a success. Another rising star saw his career plateau unexpectedly. He had been considered a genius who could do anything. But when he was promoted into a job that bombarded him with more details than he could keep track of, no one stepped forward to help. His subordinates, his peers, and his bosses all thought he was so brilliant that he would eventually master the job on his own. But, in fact, he couldn't, and when he didn't get help, the genius was soon dismissed as a failure.

Every executive—on-track or derailed—found his weaknesses exposed when faced with one of five events. First, those whose careers had depended on a mentor—someone who

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Henry Weil has contributed articles to Barron's, Money, *and* Science Digest.

taught them how to perform properly and who covered for their mistakes—were exposed when the mentor retired or changed jobs, or when the fair-haired subordinates were promoted away from the mentor's protection. To the researchers' surprise, mentors sometimes turned out to do as much harm as good in an executive's career. If the mentor tried to cover up a subordinate's flaws, sooner or later his shortcomings surfaced anyway. Conversely, even when the subordinate was truly talented, he was often perceived as overly dependent on his mentor and denied promotion as a result. Few successful executives interviewed by the center's team reported being helped much by a mentor. Many more interviewees claimed instead that they learned far more from bad examples, from others whose mistakes the successes observed and vowed never to repeat. Says Mike Lombardo, "People don't learn much from smooth sailing."

Second, a rising executive's limitations sometimes appeared when he was handed a job assignment for which he was not prepared—often under a boss whose style was different from that of managers he had worked for previously. Third, a departmental reorganization kicked many employees upstairs into jobs for which they weren't ready or even—fourth—into executive suites where their styles and talents clashed with the new top-level colleagues. And finally, the executive could have been such a snarling, bullying, back-stabbing SOB that the enemies he made during his rise to the top finally complained enough to get him fired.

According to the center's study, the flaws that rising executives reveal on their way up are the same for those whose careers stay on track as for those who derail. The difference lies in the way these shortcomings are handled. Every successful executive displays at least one managerial weakness but usually knows it and is able to compensate for it. Those who derail usually have at least two fatal flaws, and sometimes more.

Weaknesses that can be fatal when combined can be categorized as managerial, personal, and in-between. For instance, managers can fail to meet profit goals; they can get lazy; or they can simply be out of their depth when transferred from, say, marketing to manufacturing, or from day-to-day routine to long-range planning. If they don't learn ways to improve their performances, their careers will falter.

Fatal flaws, however, are more often liabilities of personality. Executives sometimes overmanage because they can't let go and give subordinates the responsibility they need, or because they don't trust the judgment of those who are out in the field and know better. When a problem arises, some managers are quick to be defensive, refusing to admit their part in the problem, and they try to lay the blame on others. They are so blatantly worried about their own careers that they thrash and flail trying to stay on track.

Sometimes managers simply don't relate well to other people. They manage by being abusive and sarcastic. They seem aloof or arrogant. Or they are simply unpredictable, exploding unexpectedly or taking action without warning colleagues of the consequences. But of all possible flaws, the report concluded, "the most frequent cause of derailment is insensitivity to others"—whether through callousness, self-absorption, or sheer ineptitude.

The report also points out that a manager's flaws can sometimes be an asset. Executives who overmanage, who cannot delegate, sometimes prove effective at turning around lackluster divisions that desperately need someone meddling everywhere. Managers who are natural bullies can occasionally get lazy workers to shape up. But these tendencies succeed only in certain circumstances. As high-level managers overseeing many divisions, the meddlers and the bullies will usually break too much china.

No managerial or personal flaw will stop a career if the executive recognizes it and sets about correcting it. Says Mike Lombardo, "We interviewed one successful executive, a brilliant engineer who, when he was young, had been told he was being transferred off a project. He said, 'Wait a minute. I need three more months to finish it.' His boss said, 'You don't understand. Everybody finds you a pain in the butt. No one wants to work with you.' The guy couldn't deal with people, who seemed to him, as an engineer, to be improperly working machines. Well, it was a deeply traumatic experience for him—most successful executives face at least one similar adversity in their careers—and he decided he'd better change. It took him a couple of years. No one knows how he did it, but he finally learned to appreciate people *because* of their shortcomings. Ultimately, he went on to become very successful."

In general, the report says, executives who didn't derail had performed well in two or more *different* kinds of challenges during their careers: "They had turned a business around and successfully moved from line to staff and back, or they had started a new business from scratch and completed a special assignment with distinction. They built plants in the wilderness and the Amazon jungle, salvaged disastrous operations, resolved all-out wars between factions without bloodshed—one even built a town."

Ann Morrison notes that many successes went out of their way to broaden their range of experiences. Some proposed assignments for themselves to enlarge the scope of their jobs. Others did volunteer work in the community. And still others sought and received appointments to problem-solving task forces within their companies.

In addition to demonstrating versatility, the successful executives exhibited strong interpersonal skills. They were calm and confident when the going got rough, willing to accept responsibility at all times, and seldom moody or volatile. This proved especially difficult whenever they were transferred from a division where they had demonstrated their competence to another division where they had to prove themselves all over again.

Then, whenever they loused up, the successful executives admitted it and accepted the consequences. They warned colleagues to be prepared for the problems they had created in order to minimize the damage. They never tried to blame others, nor did they brood about their mistakes. One successful executive told the researchers, "You can't get too concerned about losing millions. After all, money is lost every day."

The successful executives also owned up when they were out of their depth. Says Lombardo, "One guy was put in charge of computers even though he knew nothing about them. So he called the staff together and said, 'First, I know nothing about computers. Second, I know market-

The most frequent cause of derailment is insensitivity to others.

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ing—and I will do anything to help you make your systems relevant to marketing. And third, I'm here to ask stupid questions.' Well, the staff loved him."

When problems arise, says the report, successful executives concentrate on solving them—no matter who's at fault—without worrying about possible consequences to their own careers. In fact, says Randall P. White, who assisted in the center's research, many successes seem never to have set high goals for themselves. They were simply carried along by their own accomplishments. "We asked them, 'When did you first know you were a success?' " says White, "and some answered, 'I don't know that now. Am I?' "

And finally, successful executives seem able to get along with a wide variety of people, even those with whom they disagree. After all, Mike Lombardo points out, a top-level executive must manage older employees, former bosses, and people he finds boring and distasteful, and that requires patience, finesse, and tact. Says the report, "One arriver disagreed strongly with a business strategy favored by his boss. He presented his objections candidly and gave the reasons for his concerns and the alternatives he preferred. But when the decision went against him, he put his energy into making the decision work. When his boss turned out to be wrong, the arriver didn't gloat about it—he let the situation speak for itself without further embarrassment to his boss."

In short, the center's team found that there are no quick fixes to ensure a successful corporate career. A mentor's guidance may help, but it can also backfire. Executives who plan their careers seem not to have an edge over those who don't. And being brutal and hard-driving seems to be a serious miscalculation. "The most common reason we found for derailment among fast-tracking managers," insists the report, "was that although they were brilliant, they were too tough and insensitive to others." Being a mean thus-and-so was never the only reason for derailment; but when an executive combines such an approach with other weaknesses, he can find himself stymied, demoted, and possibly even fired.

Many people who have read the center's report immediately respond: If this is true, why is my boss such a loathsome slug? The center's researchers readily admit that corporate cultures differ, that there may well be firms that reward viciousness and the ability to humiliate—the center, after all, had access to the top executives at only a few corporations. Moreover, there are many entrepreneurs and superachievers who made their businesses successful in the face of an indifferent or resistant marketplace. These hustlers have learned to be persistent, obsessive, even obnoxious—and in the end those qualities paid off. Having been handsomely rewarded for unpleasant behavior, they're not about to change. They may even argue that theirs is the only way to succeed. Says Helen Galland, president of Helen Galland Associates, a marketing consulting firm, and former president of Bonwit Teller, "There are people who aren't so adorable but who know their business so well that they can compensate for their liabilities."

In general, Galland finds the center's conclusions to be accurate, and she agrees that the ability to get along with people is usually a prime virtue for an executive. "No business," she explains, "can survive on the expertise of only one individual. It always needs a support team. And a top executive will need to get along with the members of that team." Says Suzanne de Passe, president of Motown Productions, "I don't know of a successful manager who doesn't have successful people with him. And when you have good relationships with subordinates, it creates a power that pushes you up."

One top executive agrees with the findings, but interprets them from a jaundiced point of view. It's not that affable types are necessarily more effective managers, says Lois Wyse, president of Wyse Advertising and author of *The Six-Figure Woman*, it's simply that "people who inspire strong emotions have a harder time getting promoted. The top jobs go to blander personalities. We tend to promote Cheez Whiz and not pizza."

There is, of course, that nagging question that the center's report never answered: Are the findings equally true for women? Says Ann Morrison, "I suspect that women's careers are more complicated, but my feeling is that 90 percent of what we've learned will also apply to women." Mike Lombardo adds that he and his colleagues spoke to many women who weren't included in the study, and the findings seem to hold true for women executives—with one significant addition. "At each new level," he says, "a woman must gain credibility all over again, something a man seldom has to do. We spoke to one woman, a petroleum engineer who had been assigned to Wyoming in the dead of winter. She told us that after one day working alongside men at 20 degrees below zero, she didn't have to prove herself any further. But she did have to get through that first day just the same."

Jackie DaCosta recognizes the same problem. "It's a continuous process of gaining approval," she says. "Even though you've developed a positive reputation, you have to keep proving yourself." Adds Lois Wyse, "It's tougher for women, because as women we get emotional responses at so many levels, whether it's a man doing the promoting or a woman. Women won't have equality until they have the freedom to fail."

On the whole, however, women executives agree that the qualities a woman needs to get to the top are identical to those a man needs. Says Linda Wachner, president of Max Factor, "The people who rise to the top are consistent and intellectually honest and have good people skills." Adds Helen Galland, "When people get to the upper rungs of the executive ladder, it doesn't matter at all whether they're men or women. The skills and talents they need to succeed are the same." =

MOTHERS & DAUGHTERS

Portraits of partnerships that define new ways of working and loving.

◆

BY ARMEN KACHATURIAN

TEXT BY SUSAN TIFFT

Armen Kachaturian is a New York-based photographer. Susan Tifft writes for "The Nation" section of Time.

Marilyn Hennessee Krebs has been around her mother's cosmetics plant since she was a small child, but she never expected to go into the business. "I was away from home for eleven years. When I got divorced in 1980, I came back to Lawton and started working for the company. I figured it was a good way to make a living."

Indeed. Last year, Cosmetic Specialty Labs had gross sales of $8 million. [illegible] thousand basic chemical formulas for skin and hair-care products are distributed across the country under private labels such as Health Glow, DeJaVu, and Eva Jon. The operation is also a one-stop shop for cosmetic retailers: Cosmetic Specialty Labs makes its own bottles and publishes its own sales manuals.

"I had acne all through high school," says founder Edna Hennessey. "In 1939, a friend gave me a set of products that really helped. I liked them so much that I took out a franchise to sell them." Six years later, she created her own product line and Cosmetic Specialty was born. In 1966, she learned to stabilize aloe, a plant product used as a cleansing and conditioning salve for burns. Today, Cosmetic Specialty Labs grows the fleshy green succulent in its 40 greenhouses and uses it as a primary ingredient in its skin-care products.

A mother/daughter business partnership brings special tensions to the workplace. ("It's tough when your own mom gets mad at you," admits Marilyn.) But she and Edna try to deal with friction by keeping work problems and family problems separate. "I treat Marilyn no differently than my other workers," says Edna. "We have no family discussions at work and no work discussions at home."

Despite the success of Cosmetic Specialty Labs, Marilyn, who will receive her master's degree in history from Cameron University in Lawton this spring, is not sure she wants to make it her life's work. "There has never been any pressure on me to go into the business," she says. "I like other things, too. In the next few years I will have some hard choices to make." Whatever she decides, her mother seems unruffled by the future. "There are plenty of people here who could take over if she struck out on another path," Edna says.

◆ *Edna Hennessee, 64, and Marilyn Hennessee Krebs, 36, chairman of the board and secretary/treasurer, Cosmetic Specialty Labs Inc., a private-label cosmetics and fragrance manufacturing firm, Lawton, Oklahoma.*

◆ *Elizabeth, 58, and Carol Jenkins, 38, president/director and vice president/secretary, Printing Trades School Ltd., a private vocational school in New York City specializing in computerized typesetting and offset printing. (Carol is also a reporter for NBC.)*

Elizabeth and Carol rarely quarrel over work. The major reason: early on, they teamed up as peacemakers to ease some of the tension created by Edwin Jenkins, Elizabeth's husband and Carol's father. Until his death last February, Edwin ran Printing Trades School with an iron fist. "Ed was a 'my way' person," explains Elizabeth. Says Carol: "Mother and I were always allies trying to smooth over the ruffled feathers. My father fought his way up from zero, so he was necessarily a little abrasive."

Edwin, a latter-day Horatio Alger, settled in New York City in 1947 and started *Newspic*, the city's first black-owned magazine. In 1950, he and Elizabeth bought Printing Trades School.

The business has involved the whole family. Elizabeth worked as the registrar. Carol, their only child, did odd jobs after school and in the summers. Although she was weaned on printer's ink, Carol feels she was not pushed to sign on. "Both my mother and my father were intimately involved in the business, so when he died my mother could step right in," she says. "Both felt strongly that I should sample other things."

And she heeded their advice. Carol worked for three years as a speech pathologist before she decided to start over in communications. Her first job was as a secretary at CBS. ("My mother and father howled," she recalls.) Her instincts were right, however. For the last ten years she has been an on-air reporter for New York's NBC affiliate. But she still works several nights and some mornings at the school. "She's always been available for the business," says Elizabeth. "She never really left."

In the next few years, Carol intends to leave broadcasting to make the

school more of a full-time occupation. But she admits that being on-site all day every day may alter her relationship with her mother. "Because mother is an ongoing presence now, I naturally defer to her," Carol says. "But when I am here full time, it may be different."

When Frances Hashimoto formally joined her family's pastry business in Los Angeles' Little Tokyo in 1970, they owned just one tiny store. Eager to understand every aspect of the operation, Frances spent three full months in the kitchen learning how to make 30-odd varieties of the sweet-bean and rice-flour delicacy. But her mother, Haru, who had been producing the treats for nearly 50 years, gave her a rough time. "I was a beginner," recalls Frances, "and she used to get very upset. She would tell the other workers: 'Throw hers away!' "

Haru has no reason to be critical now. Frances has taken Mikawaya from a mom-and-pop storefront to a business with sales of more than $1 million. The company includes a central plant and four retail stores in California, as well as wholesale distribution to ethnic markets in cities as far away as Atlanta and Chicago. "Expansion was my idea," says Frances, "but my mother was very supportive."

Frances's father, Koroku, arrived in Los Angeles in 1919 at the age of nineteen to work in the confectioners business owned by his aunt and uncle. When he was twenty-two, he went back to Japan to fetch Haru, his bride by an arranged marriage. They took over their relatives' small shop the same year. Koroku died in 1958, and by Japanese custom Frances's older sister, June, joined her mother in running the store. Frances, who was still in junior high school at the time, helped out. After she finished college, she taught school during the day and did the store's bills and bookkeeping at night. When Haru suffered a whiplash injury in a car accident, June, who had four children, did not want to take full responsibility for the business. So Haru asked Frances to do more. Reluctantly, she agreed. "I drew up a nonbinding contract," says Frances, "and whenever she'd yell at me, I've wave this piece of paper in her face to remind her that it was just a trial."

Frances was hooked. But when she quit teaching and joined the company in 1970, her sister's continuing involvement created problems. "From my childhood, my mother would say: 'Your sister will run the business.' It was like I was second choice." Today, however, the raw edges have been smoothed.

Despite Japanese traditions of succession, neither Frances nor her sister feel they were strong-armed into choosing Mikawaya. "I always wanted to see the business continue, especially as I got older," says Haru. "But I don't feel that I pressured them into it." Frances feels the same way about her own two children, although she hopes they will want to carry on the company. "I never really thought about working with the family until one night, when I was doing the books, I realized that unless I quit teaching the business would die," she says. "It struck me that a substitute teacher could always replace me, but no one could substitute for me in the family business."

◆ *Haru, 80, and Frances Hashimoto, 40, vice president and president, Mikawaya Inc., confectioners, Los Angeles.*

◆ *Deane, 53, and Mary Lord, 29: coauthors of a newspaper column called "Mother/Daughter" that was carried in the* Boston Herald American *(1980–83) and appears currently in the* Asahi Evening News *in Tokyo. Deane is director of information services for Harvard. Mary, a former* Newsweek *reporter, is now at an English-language magazine in Japan owned by the Tokyo-based Hanae Mori Company.*

Deane and Mary Lord's newspaper column began with an event that almost ended Mary's life. While walking home from *Newsweek*'s Washington bureau one muggy August evening in 1979, Mary was accosted by a man who tried to drag her toward his waiting van. When she resisted, he stabbed her twice. The second time, the knife stuck in her back.

Deane took eight weeks off from her job at Harvard to help her daughter recuperate. Mary's recovery was slow, and the two had a lot of time to talk. They found that they gravitated toward the same issues—love, sex, clothes, gun control—but that they often disagreed. "We were always bristling at each other," recalls Mary. Comments Deane: "People who observed us said, 'You handle yourselves so well in arguments, why don't you write them down?' "

Thus, "Mother/Daughter" was launched. Deane and Mary produced five trial columns during one frenzied weekend holed up in a Cape Cod hotel room. Through her newspaper contacts at Harvard, Deane sold the idea to Don Forst, editor and then-publisher of the *Boston Herald American*, and, in the fall of 1980, the column made its debut.

The commentary usually led off with Deane's views on a topic followed by Mary's response. "We chose the fight of the week," says Deane. Adds Mary: "We seemed to agree on the big issues, like abortion, but not on the small ones, like the value of jogging."

The Lords' articles attracted substantial publicity, and the column went international in 1982 when the *Asahi Evening News*, an English-language daily in Tokyo, started running it twice a month.

The domestic side of the business has not been so rosy, however. Australian newspaper mogul Rupert Murdoch eliminated the column shortly after buying the *Herald American* in December 1982. And last month, Mary left *Newsweek* to work for Hanae Mori Company in Tokyo. Even so, the debates go on, and "Mother/Daughter"—which has never brought its authors more than $75 a column—will keep the long-distance lines humming. Says Deane: "It is a work of love."

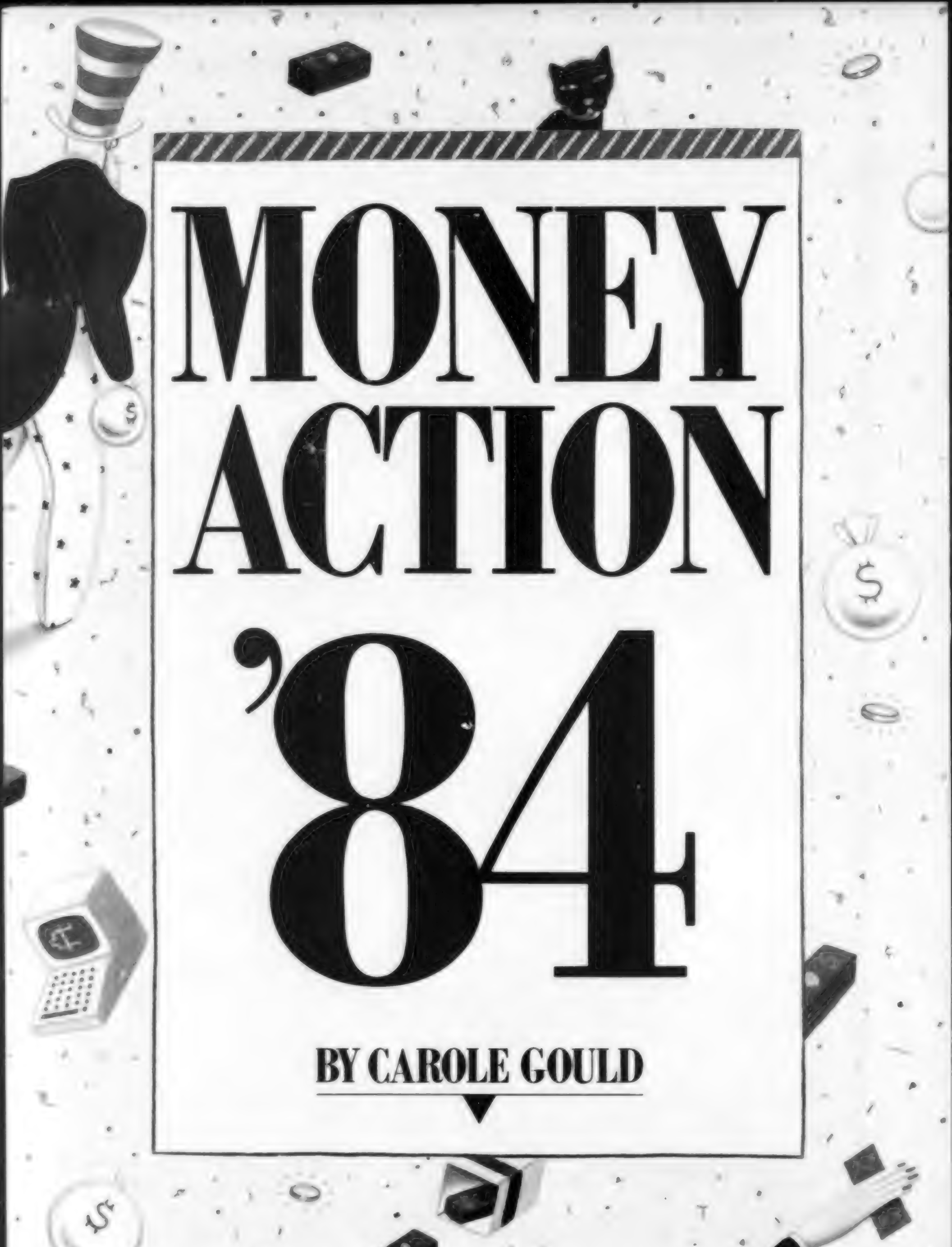
Ellen Sulzberger Straus has headed WMCA since 1977 when her husband, Peter, vacated the post to become the Carter administration's Voice of America director.

Having one of her three daughters working with her is a pleasant surprise for Ellen. "Our children never set foot in the business when they were growing up," she says. Jeanne grew up hearing about news, and the news business, around the dinner table. All her summer jobs during college were with newspapers, and she did a stint with the Associated Press in Jerusalem before joining WMCA in 1980. But she doesn't miss print journalism. "For a news junkie, there is nothing more fun than news-talk radio," she says. "It has immediacy, constant change, and even more deadlines than print."

Ellen and Jeanne were close before they started working together, and the crush of business has not changed that. But it has made it more difficult to find time for mother-daughter chats. "Unless you are careful, the personal and the professional tend to overlap," says Jeanne. "We work very hard to maintain the personal side of our relationship, even if it just means going shopping together once every six months."

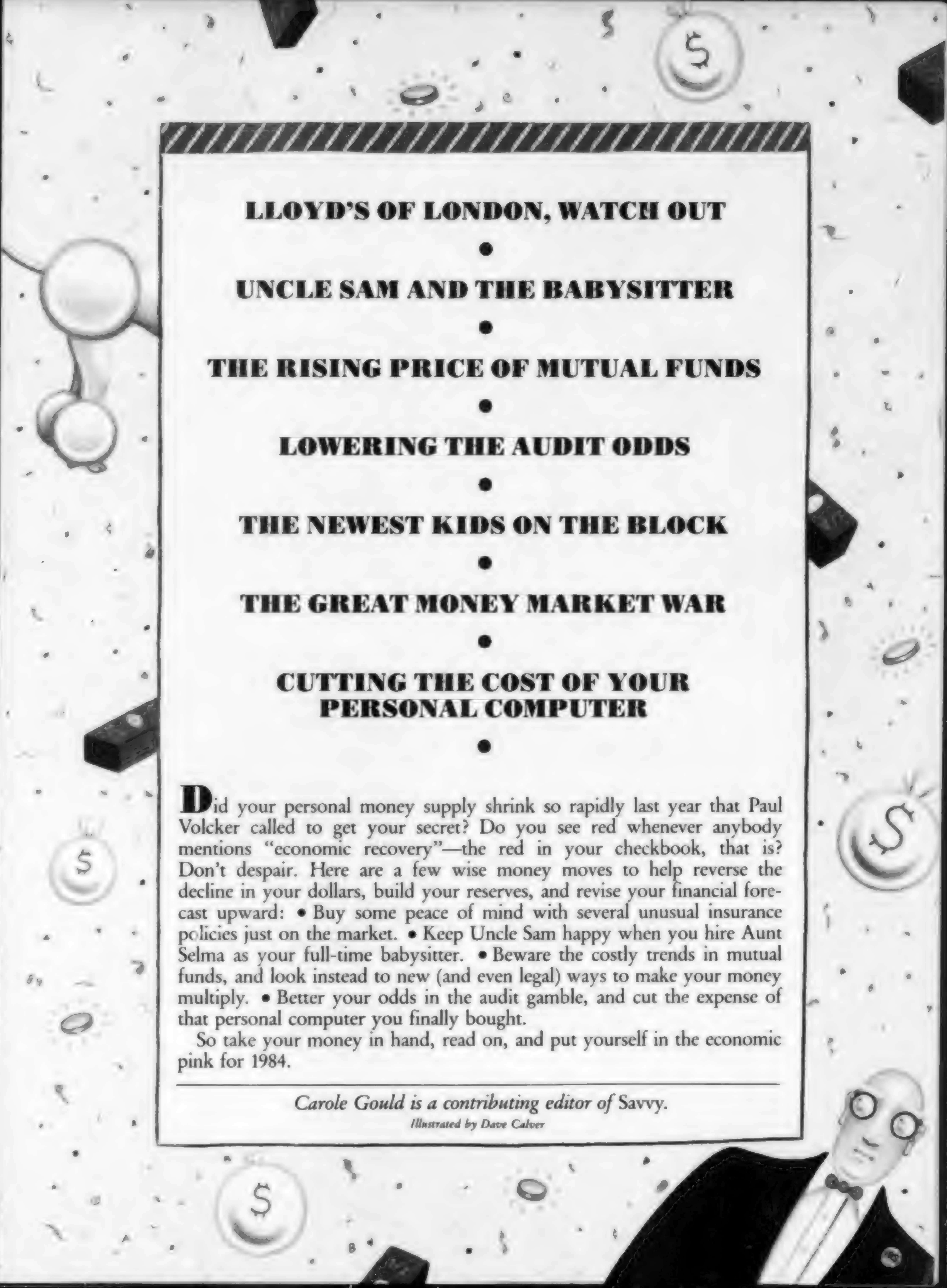
But working side by side has also meant personal discoveries. "I never knew Mom was good with numbers," marvels Jeanne. "She couldn't even help me with my math homework. But now she's a whiz." Ellen returns the compliment: "I've respected Jeanne all my life and I continue to respect her. I've always thought any of my children could run the world." ■

◆ ***Ellen Sulzberger Straus, 58, and Jeanne Straus, 26, president and vice president/program director, WMCA radio, a 24-hour news-talk station in New York City.***



MONEY ACTION '84

BY CAROLE GOULD



LLOYD'S OF LONDON, WATCH OUT

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UNCLE SAM AND THE BABYSITTER

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THE RISING PRICE OF MUTUAL FUNDS

●

LOWERING THE AUDIT ODDS

●

THE NEWEST KIDS ON THE BLOCK

●

THE GREAT MONEY MARKET WAR

●

CUTTING THE COST OF YOUR PERSONAL COMPUTER

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Did your personal money supply shrink so rapidly last year that Paul Volcker called to get your secret? Do you see red whenever anybody mentions "economic recovery"—the red in your checkbook, that is? Don't despair. Here are a few wise money moves to help reverse the decline in your dollars, build your reserves, and revise your financial forecast upward: • Buy some peace of mind with several unusual insurance policies just on the market. • Keep Uncle Sam happy when you hire Aunt Selma as your full-time babysitter. • Beware the costly trends in mutual funds, and look instead to new (and even legal) ways to make your money multiply. • Better your odds in the audit gamble, and cut the expense of that personal computer you finally bought.

So take your money in hand, read on, and put yourself in the economic pink for 1984.

Carole Gould is a contributing editor of Savvy.

Illustrated by Dave Calver

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LLOYD'S OF LONDON, WATCH OUT

Not all risks are insurable, but recent developments in an industry generally known more for its conservatism than for its creativity are adding a few new threads to the safety net.

The old standbys like health, life, home, and car insurance are still with us, of course. Some of the newer policies coming onto the market, though, should give Lloyd's of London a run—or at least a brisk jog—for its money. Worried about something? Have we got a policy for you . . .

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▶ *Alimony Insurance.* Just released is a policy that guarantees alimony and child support payments. The insurance program, created and administered by Family Support Systems, was designed to make up the difference between the settlements the courts order and the amounts actually paid, a discrepancy currently estimated at $2.1 billion.

You can secure your post-divorce financial arrangements with the "insured support payments" policy by prepaying a lump-sum premium equal to 6 percent of the total amount due over the policy period. For instance, the premium for a three-year policy that covers payments of $1000 per month would be $2,160.

To qualify for the insurance, you must be in the process of a legal separation or divorce and you must be represented by an attorney. So far, the policy is available only through lawyers handling a divorce or separation; the insurance is written in as part of the final settlement. Both you and your ex-husband must agree to the coverage, but either of you can pick up the premium.

The policy, underwritten by the Republic Insurance Group in Dallas, Texas, and the Old Republic Insurance Company in Greenburg, Pennsylvania, covers child support, alimony and maintenance payments specified in a separation agreement or a court decree, or approved third-party payments (to doctors, for example, or to the bank that holds your mortgage). The company steps in when more than $400 in payments is late and at least some of it is a month overdue. Within fifteen days, the company pays 100 percent of the amounts owed to third parties and 80 percent of the money due you. You get the remaining 20 percent plus interest when Family Support Systems recovers the balance due from your ex-husband. (The spouse who will be paying must agree to reimburse the company in the event of default, plus 12 percent interest on the unpaid balance.)

Unless your original settlement is being renegotiated, you cannot purchase the policy after your divorce is final. Policies are available with one-, two-, or three-year terms, although only the three-year policy is renewable. Also, the renewal clause must be negotiated as part of the divorce settlement.

Because this insurance—the first of its kind—is still being developed, the company is currently testing several policy options. According to Lisa Biegen, a company spokesman, the insurance may become available to already divorced or separated couples, and distribution channels may be expanded to include regular insurance brokers.

Now available in fourteen states, the program will soon be nationwide. For further information, contact:

Lisa Biegen
Family Support Systems, Inc.
(212) 988-7388

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▶ *Pet Health Insurance.* If you keep a rabbit or a raccoon as a pet, you're out of luck. But if you have a dog or a cat—and vet bills to pay—here's the policy you've been looking for.

Pet health insurance is underwritten by the Rhulen/Frontier Agency, a correspondent of Lloyd's of London's "equine livestock" branch. The program is one of the two pet health insurance plans currently on the market; the second is a pool of funds, rather than straight insurance, and was put together by 700 veterinarians on the West Coast.

The policy covers basic veterinary medical treatment and hospitalization for injury or illness, as well as what the company calls "euthanasia" of your pet. Unfortunately, standard items like neutering, routine checkups, grooming, and vaccinations are not included.

If your dog or cat needs medical care, the company will pay up to $2,500 for each illness or injury, minus the deductible. The actual numbers depend on how old your pet is and on whether you go with plan A, B, or C, which differ in the amount of premiums and deductibles you pay and in the coverage your pet will receive. Premiums range from a low of $42 for plan B ($1,000 insurance/$100 deductible for a cat) to a high of $259 for plan C ($2,500 insurance/$100 deductible for a dog). Discounts are available for those with more than one pet.

Puppies and kittens must be at least three months old to qualify; higher premiums apply for pets older than nine years. And no, the company does not offer pet life insurance.

The policy is currently in the process of nationwide certification. For information, contact:

Animal Health Insurance Agency
35 West Main Street
Mt. Kisco, New York 10549
(914) 241-7070

●

▶ *Audit Insurance.* For the faint of heart who tremble at the thought of the IRS, help has finally arrived. You can put away your rabbit's foot forever when you invest in "Tax Right," a tax audit insurance policy.

THE REAL REASON TO BUY GOLD.

To many, the gold price these days looks attractive. And thus it is not surprising to see a renewed interest in the metal.

But what is also not surprising is that investors might be overlooking something as they once again move into gold.

In the past, many have bought gold for the short term only—buying it low and selling at a higher price in a few months or so, or maybe a few years or so. And, if it didn't perform right away they dumped it.

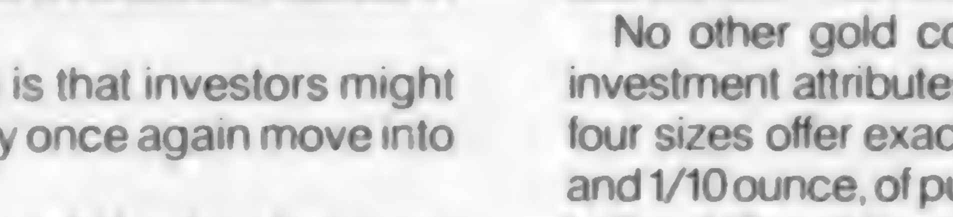
This has sometimes been a good tactic, but it also ignores the classic reason to own gold.

AN INVESTMENT IN GOLD IS A KIND OF INSURANCE.

Gold is not like other investments. It is not like stocks or bonds. It is not like collectibles, it is not like options, it is not like real estate. It is not even like silver, which is available in larger quantities, and is also stockpiled for military and industrial uses.

Gold is man's classic hedge—whether against inflation, a stock market crash, a devaluation, a bank failure—against almost any monetary crisis. It has been this way historically; the hedge that moves independently of paper investments. And the wise investor uses it as such with 10 to 15 percent of his long term portfolio or savings in gold. *You, after all, insure your life, your home, your car—why not insure your portfolio?*

Once you've made a commitment to gold, you'll find there's only one coin that really stands out: The Krugerrand.



No other gold coin offers you so many of the good investment attributes of the South African Krugerrand: Its four sizes offer exactly one ounce, 1/2 ounce, 1/4 ounce, and 1/10 ounce, of pure gold. So you can easily relate them to the daily gold-ounce price.

NO OTHER COIN GIVES YOU MORE PURE GOLD.

The Krugerrand's gold content is absolutely accurate—each coin contains its full designated gold content. The gold used in Krugerrands is .9999 gold—which is *the purest gold you can buy*. An extra alloying metal is added to Krugerrands to make them hard enough to resist scratching and denting—a feature *not* offered in all gold coins. (It's harder to sell back a damaged coin.)

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For information and dealers near you call 800-526-7843 Ext. 5201 (in New Jersey, 800-522-4503) or send the coupon below.

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PO Box 5544 Clifton N J 07015

Please send free brochure and a list of Krugerrand dealers

Name ____________
Address ____________
____________ Zip ______
Home telephone ( ) ____________
Business telephone ( ) ____________

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Like alimony insurance, Tax Right is the first and (so far) the only one of its kind. The policy pays up to $100,000 of additional taxes assessed by the IRS during an audit. You are also reimbursed for fees paid to the CPA or attorney who prepared for and represented you during the audit. The insurance company picks up court costs if it decides to litigate a tax position with the IRS on your behalf.

Tax Right doesn't cover fraud, tax evasion, math errors, deliberate misstatement of income, lack of proper documentation, shaky tax shelters, or IRS penalties. What it *does* cover are positions taken in areas where the law is unclear—that is, where courts differ in their interpretations or when regulations have not yet been tested.

Developed by the Victor O. Schinnerer Company, Tax Right covers each year's return separately for three years after the return is filed. The policy range conforms to the latest IRS guidelines, which limit the audit window to three years back, except in rare cases. If you insure your 1983 return, you can also insure your 1981 and 1982 returns—if you haven't yet received audit notices for those years.

To qualify, your tax return must be prepared or reviewed and signed by a tax attorney or a CPA. The premium is based on your income, kind and number of deductions, and the types of tax schedules you file—the partnership schedule, for example, or a Schedule C. The minimum premium is $100 per tax return, the average premium is $300, and about 95 percent of all policies issued are expected to cost less than $600, according to Paul L. Genecki, a senior vice president with the company. One final bonus: like all costs related to the preparation of your returns, the insurance premium is tax deductible.

Already approved in 30 states, Tax Right is now being certified nationwide. For further information, contact:

Victor O. Schinnerer Company, Inc.
5028 Wisconsin Avenue, N.W.
Washington, D.C. 20016
(202) 686-2850

UNCLE SAM AND THE BABYSITTER

The so-called voluntary nature of our tax system notwithstanding, the IRS is prepared to do you economic violence if you don't complete the mountain of paperwork and pay the employment taxes that become due when you hire a babysitter.

"I don't think they'll throw you in jail," says Nancy L. Berk, a tax supervisor with Touche Ross & Company. "But if you claim the child care credit, you'll be required to pay the payroll taxes, plus the additional penalties and interest charges when the IRS catches you on an audit."

And once they catch you, they can be mean. "The IRS takes employment taxes seriously," says Berk. "This is one area where you'll never get the benefit of the doubt." If you plead ignorance, they'll point to the section of the tax code that says ignorance of the law is no excuse.

So to keep the IRS happy, here's what you have to do. (These rules apply not only to babysitters, but to housekeepers, maids, butlers, and any other household help you employ.)

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▶ *Social Security Taxes.* Your babysitter looks forward to retiring on today's FICA payments. The total payment is 13.4 percent of wages (the reason that only 6.7 percent is deducted from *your* paycheck is that your employer pays the other half).

You can handle the FICA payments in one of two ways: either you can pay 6.7 percent and deduct the other 6.7 percent from your babysitter's salary or—if you're feeling magnanimous—you can pay in the entire 13.4 percent yourself. If you opt for paying the whole thing, half the FICA is then considered part of your babysitter's taxable income and must be reported on his or her wage-and-tax statement (W-2) that you prepare at the end of the year.

You're liable for FICA payments when your household help earns more than $50 cash wages in a calendar quarter. Cash wages means you don't pay FICA on the value of the room and board provided for your live-in or the cost of the sandwich your maid eats for lunch. Only salaries up to $37,500 per employee are subject to FICA taxes.

Here's how the math works. You pay your live-in $200 a week and pick up the entire 13.4 percent FICA, or $1,340 for the year. Because you paid the entire tax, you must include half, or $670, as additional wages on your employee's year-end W-2.

Since it's a tax, is the FICA payment deductible? No, but the FICA can be included in the base for calculating your child care credit. So if you're entitled to the maximum 20 percent child care credit, you get a $268 credit for the $1,340 FICA payment.

●

▶ *Unemployment Taxes.* The rules of the Federal Unemployment Tax Act (FUTA) are slightly different from the FICA rules. FUTA payments must be made whenever you pay wages of more than $1,000 to household help during any quarter of the *preceding* year. Also, FUTA payments can't be deducted from your help's salary.

The 1983 FUTA rate is 3.5 percent and only the first $7,000 of wages is subject to tax. So back to the example: you paid your live-in $10,000 in 1982. No FUTA payments are required. You pay another $10,000 in 1983. Since you've exceeded the maximum, your total FUTA payment is 3.5 percent of $7,000, or $245. Your combined FICA/FUTA equals $1,585.

You may be able to claim up to a 2.7 percent credit against your FUTA payment. That credit is based on *state* unemployment taxes and, since most states do have some form of unemployment tax, the effective FUTA rate is generally less than one percent.

●

▶ *Income Tax Withholding.* You don't have to withhold tax on your household helps' wages unless they request it. When they do, you need a W-4 that tells you how many exemption allowances they can claim. Then use the IRS tables in IRS Publication 15, Circular E, to find the amount you should withhold. Make sure the tables are up-to-date, since they change just about every year.

●

▶ *Paperwork.* Every three months, you must file a Form 942, "employer's quarterly tax return for household employees." This form, due one month after the close of each quarter, is used to calculate and pay your FICA and any federal income tax withheld.

For FUTA taxes, you must file a Form 940 at the end of each year. (File quarterly only when your FUTA payments exceed $100 for a three-month period.) And whether your employees want income tax withheld or not, you must still file a W-2 with the Social Security Administration by February 28 and give your help their copies by January 31. If you employ more than one person, you must also file a Form W-3 with Social Security.

That takes care of the federal requirements. But check with your state employment office to see which forms must be filed and which taxes paid on the state level.

If all this sounds expensive and time-consuming, and you're wondering whether you should take your chances on cheating, keep in mind that the paperwork and employment taxes enable you to claim an $800 child care credit. That's also how the IRS can catch the artful tax dodger: the form used to claim the credit asks for the name and Social Security number of any babysitter that you hired. The information is used to cross-check your return against your employee's. If the two don't match up, you're in trouble.

So pay them on the books instead of under the table. "But don't forget to include all the extra costs when you're calculating the price of a live-in," cautions Nancy Berk. And keep good records of all forms filed and payments made, she says, in case you get audited.

THE RISING PRICE OF MUTUAL FUNDS

Mutual funds are exploding . . . and are beginning to cash in on their newfound popularity. Some funds are adding sales charges (loads), others get you on the other side with redemption fees. Less obvious tactics include increased management fees and so-called 12b-1 plans, which let funds use their assets to cover marketing expenses.

"It's not a bad tradeoff as long as each of these changes costs the shareholders in single digits," says A. Michael Lipper, president of Lipper Analytical Services, investment consultants who analyze mutual funds, "and the funds are producing double-digit returns. But if the returns become more modest, investors may have to consider these expenses more carefully."

Until recently, most mutual funds were either no-load funds or load funds with sales charges of 8½ percent. The newest concept is a "low-load," a small fee that falls somewhere in between. The Fidelity Group now charges 2 percent on its select portfolios and 3 percent on two other funds. But for the 2 percent price, Fidelity's Select Technology Portfolio brought in an impressive 162.1 percent return for the year ending June 30, 1983, while the Standard & Poor 500—the market measuring stick—rose only 61.2 percent in the same period.

As some funds add load charges, others are getting rid of them. After 52 years of collecting an 8½ percent front-end load, Keystone Custodian Funds now charges no up-front fees. Once you're in, though, it may cost you to get out. After abolishing the initial sales charge, Keystone added a redemption fee. You pay 4 percent if you sell your shares in the same year that they were purchased. The fee declines 1 percent a year, so you get out free if you hold on for at least four years.

The new Prudential-Bache Research Fund also chose the redemption-fee route. Their 5 percent fee is scaled down every year until it reaches zero in year six.

"Investment firms that traditionally have front-load sales charges are going in this direction," says Andrew H. Freund, senior vice president in Prudential's financial services division. "The firms feel they can attract more investors without a sales charge up front. And the sliding scale redemption fee should encourage people to hold the funds for a longer period of time."

Some funds that seem to be no-loads have hidden charges. One, called a 12b-1 plan after the recent SEC ruling permitting this technique, lets mutual funds deduct up to ap-

The basic goal of investing is to make and keep as much money as you can. After taxes. And with a Nuveen Tax-Free Bond Fund you make a lot and you keep a lot.

"That puts a lot more money in our pockets and a lot more enjoyment in our lives."

Isn't it always a surprise—and not a pleasant one—when you add up all the interest you've earned in a year and then find out you have to pay a big chunk of it in taxes?

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And in today's economy, where can you find so conservative an investment paying that kind of interest?

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proximately 1.25 percent of their assets to cover marketing expenses. This maneuver allows the funds to avoid imposing (or increasing) upfront charges to cover those costs. And some funds are raising their management fees, from a low of .5 percent to as much as 1 percent.

Meanwhile, mutual funds hit new performance highs each day. Sales of conventional mutual funds (excluding short-term funds) in the first half of 1983 reached $22.3 billion, about four times the previous year's sales. And the assets of funds tracked by the Investment Company Institute increased from $54,238.8 billion in June 1982 to $106,448.8 billion in June 1983. So the payoff may still be in your favor.

LOWERING THE AUDIT ODDS

When you're tempted to play with your tax return to get down that bottom-line number, you can look to the statistics for reassurance. Last year only 2.9 percent of returns with incomes between $25,000 and $50,000 and 5.68 percent of those reporting more than $50,000 were audited, according to an IRS spokesman.

But it's an expensive gamble. If your personal return is audited, you can expect to pay an average of $751 in additional taxes; should an IRS agent visit your business, you'll be squeezed for ten times that amount.

Two can play the same game, though—if you know the rules. By learning how returns are selected for auditing, you can lower your chances of becoming one of the chosen few.

HOW THE IRS CHOOSES ITS VICTIMS

Every year, the IRS selects 50,000 returns at random for an extremely thorough examination called a Taxpayer Compliance Measurement Program (TCMP) audit. People chosen for this grisly ordeal must verify *every* item on their returns: "The agents even want to see the birth certificates of the children you claim as exemptions," says Edward Mendlowitz, partner in the New York acounting firm of Siegel, Mendlowitz & Rich. "It's as much a nightmare for the IRS auditors as it is for the taxpayers."

The information gathered during the TCMP audits is incorporated into the Discriminate Function (DIF) system, a set of mathematical formulas that a computer can then use to separate legitimate deductions from shaky shelters. Every return filed is graded under the DIF system, and those with the highest scores are flagged for a possible audit.

"Although the grading system is a complete secret," says Mendlowitz, "we do know that the DIF is an extremely sophisticated system. I've watched the DIF computer pull audit candidates with remarkable regularity during my twenty years in this business."

Regardless of the secrecy surrounding the actual equations, the DIF system is what gives taxpayers a chance. "It's important that the IRS be consistent," says Mendlowitz. "When they do their job well, I know exactly what the rules are."

After the IRS scores the returns and identifies the audit candidates, an IRS agent looks them over and decides whether the audit is actually necessary. Part of this selection is routine. For example, if a return is kicked out because the taxpayer claimed an unusually high amount of charitable contributions, but the examining agent sees attached receipts and letters that substantiate the contributions, the return probably won't be audited.

Nevertheless, much of the selection at this point can be very subjective. "I've seen the IRS take two returns with practically identical information," says Mendlowitz, "and audit one but not the other."

What invites an audit? "The appearance of the return," he says. "Thoroughness, attention to detail. Anything that affects a person affects the audit decision."

The returns are now ready to go out to the individual IRS offices. The director of each geographically defined IRS district requisitions the number of returns that his or her office can handle. Thus, another 400 taxpayers may not be audited simply because the IRS district branch asks for only 3,200 returns out of an available 3,600. Once the returns arrive at the office, more are neglected because the IRS caseloads are always too heavy. Some offices are so backlogged, says Mendlowitz, that they're handling only about 10 percent of the audits they should be processing.

Each IRS branch then selects the items to be audited, which are not necessarily the same items selected by the computer. "Certain offices look for different things," says Mendlowitz. "Deductions related to an oil business seem less suspicious on the return of an Oklahoma taxpayer than a Manhattan taxpayer. And farm income losses look better on a Minnesota than a Los Angeles return."

PLAYING BY THE IRS'S RULES

Once you understand the process, how can you decrease your chances of an audit? There is no sure-fire method (the TCMP audit prevents that), but you can take steps to lower the odds.

"Identify items that seem unusual and explain them," says Mendlowitz. "Even though it's not required by the tax law, we always attach a list of organizations and amounts to support charitable contributions."

The same, he says, is true for any expense that seems unusual or unusually high. Attach canceled checks,

bills, or letters of explanation to demonstrate that something which appears completely implausible actually makes sense.

"The IRS instructions tell you not to attach anything to your return," says Mendlowitz. "But we do, and we've noticed a tremendous drop in the number of returns that we thought would be audited."

Some items, like charitable donations, seem to put IRS agents into an auditing mood. Suggests Mendlowitz, "The IRS has an informal policy that allows $78 of unsubstantiated cash contributions in addition to receipted items. So we take exactly $78 for all our clients; that number signals the IRS that we're following their rules."

The IRS looks at relationships as well as dollar amounts. A return that shows high interest income and a big credit card interest expense would be a likely audit candidate: why would you pay 18 percent on your credit card balance and leave money in a money market account earning only 10 percent? A combination of high-interest deductions and generous charitable contributions is also suspect: why give money away when you're in debt?

Contrary to what most people believe, math errors on your return won't affect your audit chances. "If the computer kicks out your return for a math error," says Mendlowitz, "all you'll get from IRS is a bill or a check for the difference." The same is true when a number on your return isn't verified during a cross-check—for example, when the amount you report as dividends doesn't match the 1099 sent in by your broker.

Although the IRS says that the time you file has no effect on your chances of being audited, tax professionals often feel otherwise. Some recommend filing between April 1 and April 15, when the IRS computer is set to catch only the grossest errors. And for the likeliest audit candidates, "The later you file before April 15, the better," says Mendlowitz.

The key is to make the agents' job easy. When you fill in a tax return, even tidiness counts. Be thorough and neat, but avoid round numbers such as $100, $500, or $1,000. Figures like these make it appear as though you're guessing instead of using actual numbers. Worse, rounding up too much translates into fraud.

What happens when you play by the rules and get an audit notice anyway? Try to handle the audit by mail, advises Mendlowitz. Send a letter at least ten days before the assigned audit date with photocopies of the information that the IRS requested. Include your phone number, in case the auditor needs more of an explanation. "Handling an audit by mail reduces the chances that additional items will be called into question," says Mendlowitz, "just because you're not there."

•

SOONER OR LATER?

Beginning in 1982, all taxpayers were allowed an automatic four-month extension to file their returns. Taking advantage of the extension, says Mendlowitz, "absolutely doesn't increase your chances of an audit."

If you want a second extension, to October 15, you'll need a good excuse. A death or illness in the family, moving, or a fire that destroyed your tax records are considered legitimate reasons. "When you apply for that extension," says Mendlowitz, "our experience has been that the closer you file to October 15, the less your chances of an audit."

The extension gives you additional time to file your return, not to pay any tax you might owe. You still must pay up by April 15 to avoid the penalties. Although the IRS's interest rate dropped from last summer's high of 20 percent to 11 percent, you pay interest in addition to a nondeductible negligence penalty of ½ percent a month, up to a maximum of 25 percent of the amount that the IRS finally decides you owe.

THE NEWEST KIDS ON THE BLOCK

The bull market is breeding more mutual funds, and the funds themselves are becoming increasingly specialized. Certain funds invest only in the health care industry, others in international securities. Here's a sampling of some of the newest kids on the block.

When you don't have the nerve (or cash) to play the options market on your own, put that money into First Investor's Ninety/Ten Fund, which began trading in June. As the name implies, the fund keeps 90 percent of its assets in secure money-market investments and the balance in high-risk, high-profit put and call options; when the fund calls the market correctly, investors profit whether stock prices rise or fall. The minimum investment is $100; the load is 8½ percent. (Subsequent investments can be made in $50 increments.)

American Capital's Over-the-Counter Security Fund, active since last October, is another potentially profitable investment. The fund invests 80 percent of its assets in the fast-moving over-the-counter market and the remaining 20 percent wherever portfolio managers see an opportunity for growth. The minimum investment is $500; the load is 8½ percent.

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Brandenburg Concerto Nos. 2 and 4; Cantata No. 4; Toccata and Fugue in D Minor; Concerto for Two Violins; Cantata No. 202 (*Wedding Cantata*); Suite No. 2 for Flute and Strings; and more. (Heifetz, Ameling, Rampal, Collegium Aureum, I Solisti Zagreb and others)

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Symphony No. 1 (*Classical*); *Alexander Nevsky*, Cantata; *Romeo and Juliet*, Suite; Symphony No. 5; Piano Concerto No. 3; *Visions fugitives*, excerpts; and more. (Richter, Cliburn, Ormandy, Leinsdorf, Elias, Philadelphia Orchestra, Chicago Symphony and others)

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If you think information is the key to the 1980's, look into J. & W. Seligman's new Communication and Information Fund. The fund, which hit the market this summer, invests in communications and in related high-tech industries: advertising, publishing, broadcasting, computer graphics, and data processing. Stay away if you're looking for income; this fund is managed to accrue capital gains. There's no minimum investment, and the load is 8½ percent.

When you need a sturdy tax shelter, Seligman's new Tax Exempt Fund series may be your answer. It's a unique combination of one national and four state series; income from the national series is exempt from federal income tax, and income from the state series is also exempt from state and sometimes local tax. This fund invests in longer-term, tax-exempt securities to achieve capital gains, and should not be confused with short-term tax-exempt money market funds like Fidelity's. There will be no minimum investment and a 4.75 percent load when the ongoing offering is introduced sometime in mid-February.

It's no secret that the service sector is growing rapidly; experts estimate that it will represent 60 percent of the overall economy by 1990, one reason surely being its relative resiliency in times of recession. To cash in on this bullish industry, the New Economy Fund, managed by the Capital Research and Management Company, concentrates its investments on leisure and tourism, telecommunications, and financial services, to name a few. The fund will become available in early 1984, require a minimum investment of $1,000, and carry a load of 8½ percent.

THE GREAT MONEY MARKET WAR

. . . AND OTHER BANKING NEWS

The skirmishes began on December 14, 1982, when President Reagan signed a law that allowed commercial banks and savings institutions to offer new, high-rate accounts to compete with the money market funds. Anxious to attract customers away from the money funds, overzealous banks ran big advertisements featuring high rates—and small print stating that those rates were effective for only a few weeks. The money-fund people retaliated with full-page ads that accused the banks of misleading customers. Banks played up the insurance feature of their accounts; money markets pointed to their lower minimum balances and unlimited check-writing privileges. (Federal law requires holders of bank money market accounts to maintain $2,500 minimum balances in order to earn higher rates, and allows them to write no more than three checks against the account each month. Once the balance falls below $2,500 the interest rate drops to 5.25 percent.)

The banks won the first round; they managed to lure billions of dollars into their new accounts. "The response was much greater than we had anticipated," says Peggy G. Casper, vice president at Chemical Bank. "Six weeks after the accounts were introduced, we had brought in 50 percent of our current money market customers, well over $2 billion in deposits. Probably 50 to 60 percent of that money came from sources outside the bank."

Part of the attraction has been the rates. The bank money market accounts paid consistently higher returns until July 27, when they tied with the money funds at 8.44 percent. Now the money funds have pulled ahead, but it's been a close race.

"At this point, the money funds are competing with the banks instead of the other way around," says Gail J. Liberman, editor of the *Bank Rate Monitor*, an independent source that reports on financial rates. "The entire money market industry is coming closer together."

The increased competition is producing new products and strange bedfellows. To avoid the low interest rates on bank money market accounts that fall below $2,500, some brokers arrange for the banks to sweep their customers' money into an outside money market mutual fund account whenever the balance in the bank approaches that limit. And since federal insurance covers only up to $100,000 in deposits, money funds are brokering the banks' accounts to avoid the limit. When a customer wants to deposit $1 million, for instance, the money fund broker will deposit the total among participating banks in $100,000 increments.

On their side, the money funds are trying to one-up the banks' advantages. At least three companies are setting up offices that resemble bank lobbies and encouraging the customer to come in to do business, rather than selling over the phone or through the mail. "What's really happening," says Liberman, "is that the equalization of rates is forcing both the banks and the funds to become more innovative. We're seeing more bells and whistles on their products."

While banks are busy competing with the money funds, they're also busy competing with themselves. On October 1, the regulations on certificates of deposit (CDs) with terms longer than 31 days were abolished. Although this battle isn't expected to approach the scale of the money market war, the banks offered initial high rates and stayed open to service customers on the Saturday that the law became effective.

"People may move the funds in their money market accounts into three- and six-month or one-year CDs to take advantage of the initial higher rates," says Peggy Casper.

"But when rates settle down, most depositors will probably split their money between the two accounts."

Adds Gail Liberman, "I've seen it predicted that the money market account will be a primary product in the future as part of the banks' total package: high-interest savings and checking, and the new choose-your-own-term CDs."

CUTTING THE COST OF YOUR PERSONAL COMPUTER

Congratulations, you have finally broken down and purchased your first personal computer. But high-tech didn't come cheap, did it? The basic price that you were quoted as part of a great package deal crept up as you added a letter-quality printer, a modem, a color screen, cables, a software converter, and an extension board.

Fortunately, the IRS will subsidize part of your cost if you use the computer in your full-time or freelance business. You'll also get a partial subsidy should you put the computer to work as an investment tool, say, to track your portfolio or to forecast the commodities market.

"If you're in business, your best option is the writeoff allowed under the new tax law," says Kate Baum, a New York CPA. "It's a terrific one-shot deal. Just deduct the entire cost in the year you buy the computer."

Under the new law, you can deduct up to $5,000 of the cost of the personal computer instead of depreciating the equipment over five years. The $5,000 limit rises to $7,500 in 1984 and 1985, reaching a maximum of $10,000 for 1986 and subsequent years. If you spend more than the limit, deduct the maximum and depreciate the balance.

But there's a tradeoff. You lose your 10 percent investment tax credit (ITC) when you take the benefit of the immediate writeoff. "Look at your tax bracket before you decide to use the special writeoff rule," says Baum. "The higher your bracket, the better off you are. If you're in a lower bracket, you're better off taking the ITC and depreciating the equipment." (This distinction arises because a credit is a dollar-for-dollar decrease in your final tax bill, while the value of a tax deduction depends on your tax bracket.)

When you depreciate part or all of the cost, you can take the accelerated depreciation allowed under the new law. You write off 15 percent in the first year, 22 percent in the second year, and 21 percent for each of the next three years. If you take the 10 percent ITC, you must reduce your depreciation base by half the credit amount. So when you spend $5,000 on a personal computer, you take a $500 credit and write off the $4,750 balance ($5,000 less $250, or half the ITC).

Since you can only write off or depreciate the portion of the computer used for business or investment, you must allocate your time if you also use the machine to play Pac-Man. When you're audited, you'll somehow have to document the breakdown between business and recreational use.

"Computers are so new that it's difficult to say how you can effectively prove the time breakdown," says Baum. "This is the sort of issue that becomes a subject for negotiation during an audit."

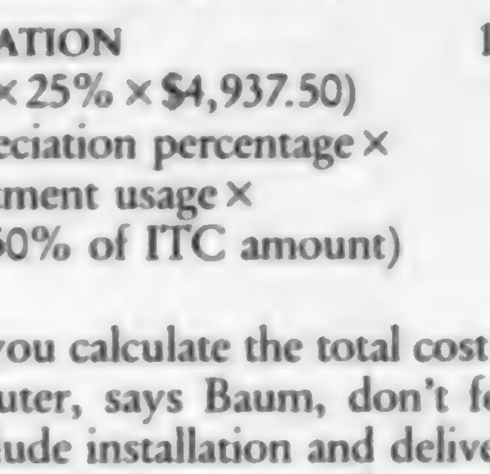
Still, she says, there are some steps you can take to protect yourself. Keep time records that show how long you used the computer each day, and what you did. Make notes of the project that you worked on in your business diary. You may be able to demonstrate business use of your computer by the type of software you purchased; VisiCalc and WordStar, for instance, aren't often used for playing games. And showing the IRS agent copies of all your printouts also increases your credibility.

To put everything together, assume that you spent $5,000 on a personal computer that you use 50 percent for business, 25 percent for investments, and 25 percent for personal use. This is what your first year's deductions will look like when you use the special writeoff rule:

BUSINESS USE	$2,500
(50% × $5,000) (Business usage × cost)	
INVESTMENT USE	
Investment tax credit	125
(10% × 25% × $5,000) (Credit percentage × investment usage × cost)	
DEPRECIATION	185
(15% × 25% × $4,937.50) (Depreciation percentage × investment usage × cost:50% of ITC amount)	

When you calculate the total cost of the computer, says Baum, don't forget to include installation and delivery costs, and related expenses like paper, service contracts, repairs, insurance, and electricity. When you run a freelance business that you report on Schedule C of your tax return, deduct the sales tax on the schedule. (That's in addition to the sales tax amount that you take as an itemized deduction on Schedule A.)

You can ride the tax advantages of a personal computer all the way. "When you're ready to trade up from an Apple II to a Lisa," says Baum, "donate the Apple II to the Salvation Army and take a charitable deduction." ≡



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Can You Keep a Secret?

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KEN ENGLADE

First there was David Lightman. Until the naive, cheerfully felonious hero of *War Games* came along, just about everyone, including a very large percentage of the computer-using public, was blissfully unaware of the doors that could be opened by someone wise in the ways of the new technology. By stumbling into a national air defense computer and nearly kicking off World War III, the happy-go-lucky teenager not only scared the bejesus out of all the characters—especially himself—he also taught the government a valuable lesson (this is fiction, remember): computers have their places and their limits.

Then came the 414's, a loosely-knit collection of young Milwaukee hackers who won fame but no fortune by electronically working their way into some five dozen computer systems, including those at the nuclear weapons facility at Los Alamos, New Mexico, and at the Memorial Sloan-Kettering Cancer Center in New York. Again the point was made, only this time for real: computers are vulnerable—alarmingly, terrifyingly vulnerable. Because that vulnerability is now common knowledge, life will never again be as cozy for anybody who has anything to do with computers, and in this age that means practically everyone.

The incidents have also popularized a new buzz-phrase: computer crime. This is a misleading and alarmist term in the sense that computer crime is no different from any other crime, except: (1) it is perpetrated via a data or word processor; (2) neither the crime nor the criminal is limited to a geographical area (a thief in San Antonio, for example, can riffle through a computer in New York, San Francisco, or even overseas); and (3) corporations are especially susceptible, because sensitive data is now available to many more people than it was in the heyday of pen and paper. The corollary to computer crime, of course, is computer security. Though it once was confined to a catch-up position in the high-tech pecking order, the security business is now flourishing, and programmers who write obscure encoding systems are everywhere in demand.

Determining the real extent of computer crime is no easy matter. Representative Bill Nelson (D-Fla.), author of a computer fraud statute now being considered in the House, figures computer-assisted criminals make off with a minimum of $100 million a year. That conservative estimate does not include the thefts worth thousands—or even hundreds of thousands—of dollars that annually escape detection. "The perfect computer crime is the one that no one ever knows happened," says Herbert Edelhertz, a staff scientist with the Battelle Human Affairs Research Centers in Seattle.

Even when a break-in has been detected, it frequently goes unreported. In many cases, agencies or corpo-

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Ken Englade, an Atlanta-based writer, has contributed articles to Forbes *and* People.

Illustration by Cathy Hull

rations are unwilling to prosecute because no official wants to risk embarrassment or admit susceptibility—perhaps fearing that publicity will encourage others to try similar rip-offs. "The president or another high-level executive may not want to report a crime because he could end up getting sued or made to look like a bad manager," says Edelhertz. "If you look at it that way, you can't help but think there is something big out there."

A few experts see more than a touch of melodrama in the uproar over computer crime, and they accuse such nationally known figures as Donn Parker of the Stanford Research Institute of exaggerating the problem. "The Stanford Research Institute insists there is an epidemic of computer crime," says Richard DeMillo, professor of computer science at Georgia Tech. There is no more an epidemic of computer crime than there is an epidemic of people breaking into parking meters."

Still, given society's growing dependence on computers, the possibility of such an epidemic is troubling. The danger, as many experts see it, comes not so much from young whiz-kid types like the 414's (who nevertheless pose a definite threat) as it does from the insiders, from employees of the firm itself, who see a novel opportunity to commit a crime and maybe get away with it.

"There are a lot of people out there who would steal from a computer but would never go out with a gun and rob someone," says Gordon Miller, former Atlanta assistant district attorney and a pioneering prosecutor of computer crimes. "I think computers create a certain type of mentality; the people who commit computer crimes feel they are not doing something to somebody—they are doing it to a machine."

Take the case of Diane Smith Torres, an ambitious young employee of a national insurance firm, who had never before stolen—or at least had never been caught. In the late 1970's she took a job as a benefits analyst in the Miami office of the Connecticut General Life Insurance Company. After becoming friendly with other women who worked on the company's computers, she began collecting their passwords, either by asking questions or by looking over their shoulders as they worked at the terminal. Then she got herself switched to the claims division, which meant she had regular access to a computer of her own. Using the passwords of six coworkers, she started filing false claims, listing her boyfriend and her relatives as beneficiaries. She pilfered more than $200,000 over an eighteen-month period before an alert internal computer security specialist at the home office became suspicious when she filed a claim in her maiden name.

The company decided to press charges, and on the morning of the trial Torres changed her plea to guilty, hoping the judge would treat her more leniently than a jury. She was only half right. He slapped her with seven years in prison under Florida's new computer fraud law and added two concurrent five-year sentences for good measure. "She got less than half the maximum for computer fraud, one-third the maximum for theft, and the maximum for insurance fraud," says Assistant State Attorney Jim Falco, who prosecuted the case. "It was a light sentence—she could have gotten 35 years."

Torres' tricks may have bombed, but there are far more devious methods of stealing from large organizations. One is the "salami system," so-called beause an employee takes a small "slice" from a number of larger transactions, hoards the slices under a different name or account until the total amount is big enough to cash in—and then maybe runs for Mexico. Another is the "Trojan horse" scam, where the person who writes the original program inserts a secret code that can later give him or her special access.

The most common method of unauthorized entry, however, is simply getting access to the computer in the normal manner—by using the password. "Twenty to fifty percent of all the password systems in use today are just plain silly," says DeMillo. "If I have a minimal amount of information about an individual I can probably guess his password. It may be his

Where to find the computer locksmiths

Welcome to the year of Big Brother. If you want to keep his nose out of *your* computers, here are a few best bets.

SOFTWARE MANUFACTURERS

- CGA Software Products Group offers "Top Secret" (for IBM and IBM-compatible computers only) and other security software. 1100 Fifth Avenue South, Suite 310, Naples, FL 33940. (800) 237-2057.
- United Software Security will begin selling "LazerLock," a software system adaptable to any computer, early this year. 6867 Elm Street, McLean, VA 22101. (703) 556-0007.

ORGANIZATIONS

- Computer Security Institute holds an annual meeting featuring seminars, displays, lectures, and workshops about computer crime. This year's conference takes place November 12 to 14 in Chicago. (CSI also publishes a useful brochure, *Computer Security: A Manager's Guide*.) Contact: CSI, 43 Boston Post Road, Northboro, MA 01532. (617) 845-5050.
- The American Society for Industrial Security offers a week-long seminar each spring about combating computer crime; the 1984 session will be held in Atlanta in May. Contact: ASIS, 1655 N. Fort Meyer Drive, Arlington, VA 22009. (703) 522-5800.
- All of the Big Eight accounting firms will give advice about computer security; Deloitte Haskins & Sells specializes in it. Its address: 1114 Avenue of the Americas, New York, NY 10036. (212) 790-0500.

CONSULTANTS

- Robert P. Campbell, Advanced Information Management. Campbell's firm developed the security system for the space shuttle computer. 1988 Opitz Boulevard, Woodbridge, VA 22191. (703) 643-1002.
- Tim Shabeck and Jack Bologna, Computer Protections Systems. Shabeck and Bologna publish newsletters about computer crime: *Computer Security Digest* and *Corporate Fraud Digest*. 711 W. Ann Arbor Trail, Plymouth, MI 48170. (313) 459-8787.
- J.C. Matlock, Total Assets Protection. TAP has a team of computer-fraud undercover agents, many of whom are former detectives. 2900 W. Park Row, Arlington, TX 76013. (817) 261-2556.

—K.E.

kid's name or his birthday or his wife's maiden name. Or I can hook up my computer to the computer I want to break into and, on many systems, it can try passwords all day."

Facing an intelligent, determined criminal intent on getting into a computer to steal money or information, what can a business do to safeguard its databanks? The first thing to realize, say the experts, is that as long as there are people operating the system, there can never be a foolproof security method. An authorized user may make a mistake or an omission that leaves the computer vulnerable to intruders. And for the full-time crook, any security system is just another professional challenge.

"I like to use the analogy of locking up a bicycle in a rack," says DeMillo. "No lock is big enough to stop a determined thief. When you find a lock for the bike that could only be opened with such a big pair of bolt cutters that other people would notice, that's the size to buy. The same thing is true for the information in a computer. There is no such thing as absolute security."

The best lock is a system of checks and balances, so that if one safety method fails, another can take over. In its guide to computer security (*Staying in Charge*), IBM recommends "access control," which it translates as "physical barriers such as locks on computer room doors, tape and disk libraries, terminals, consoles and printers." Beyond such brute-force techniques, there are specific programming procedures that will stop—or at least hinder—a thief at the keyboard. "Get software that asks who you are," advises DeMillo. "Develop a password unique to your company or to the group of individuals using the equipment. Get software that won't let you log in again if you don't have the proper password the first time or that will alert a human. That's the principle I adhere to the most: alert a human. It's a small investment, but it can pay off."

"Small investment" is a relative term, of course, and when the costs in people time needed to maintain a sufficient level of security are added to the dollar figure for the software, the sum total may come as a shock. "I've been consulting with a corporation that wants to protect its trade secrets," says DeMillo. "I told them it was going to be painful. So I drew up a report and the president's reaction was, 'Jesus, that's painful.' "

The CGA Software Products Group of Holmdel, New Jersey, leases (but does not sell) its second-generation security product—named "Top Secret"—for a starting price of $9,000 a year, a fee that quickly escalates depending on how many terminals the lessee wants. Among other things, Top Secret defines precisely which employees have access to what information and will specify what day and time they can use that information. For example, if Employee A is allowed access to payroll records only on Wednesday afternoons between 2 P.M. and 4 P.M., an alarm will sound if Employee A tries to get into the file at any other time. The system also has a "variable password violation threshold," which means the lessee can determine how many chances a potential user has to log in the correct password before the system automatically notifies a security officer. Despite the hefty price, a CGA spokesperson said the company's business grew 71 percent in the first eight months of 1983, and Top Secret was responsible for most of the increase.

For many corporations, it's a little too late for computer security; they've already been robbed, and their problem is what to do now that the money or information has been stolen. The law is not much help. If the CEO wants to prosecute a thief, only about twenty states have specific computer fraud statutes; the others rely on existing laws that cover theft, embezzlement, breaking and entering, trespassing, or, on the federal level, illegal use of telephone lines. Then the company must determine how much information was taken and what it was worth—which is a lot harder than assessing the loss of a Swiss watch. "How do you put a value on an electrical impulse?" asks former prosecutor Miller.

Representative Nelson's computer fraud bill could be just the umbrella law that everybody's been waiting for. The proposed Federal Computer Systems Protection Act of 1983 would provide for prosecution of persons who tamper not only with federal computers, but with computers of private corporations whose products are guaranteed by the government (such as banks) and organizations dealing in interstate commerce. "All told, about 80 percent of the economy will be covered," says Nelson. Conviction would carry a fine of up to $50,000 and five years in prison.

Yet what if the intent is not theft, but sabotage? A person walking down a row of computer tapes with a magnet can destroy all the information stored on the tapes. A disgruntled employee can wipe out a mail order house's mailing list or erase payroll data by hitting a few keys. Under a second section of Nelson's computer fraud bill, a person convicted of deliberately damaging material stored in computers, or altering passwords, would suffer the same penalty as a computer thief: a $50,000 fine and five years in prison.

If passed, Nelson's bill would be convenient for prosecution-minded firms eager to nail the saboteur. But that doesn't bring back the lost information—a potential nightmare for managers who are by law responsible for the assets of their company. What can be done to avoid such a disaster? One answer that makes sense is for every corporation to have a reliable backup system, a copy of all vital records stored in a place that is readily accessible to the right people and to virtually no one else. Such a storage facility should be off-site, well away from corporate headquarters.

A number of firms have responded to the need for secure storage, among them a Georgia-based facility called The Vault ("the safest place in Atlanta"). Founded three years ago by Boston realtor Richard Ornstein and former Brinks executive Laurence E. Murphy, The Vault provides temperature- and humidity-controlled storage areas accessible round-the-clock for a fee that starts at around 50 cents a day. Clients range from a Fortune 500 company that keeps 1,500 tapes stored in The Vault to a writer who entrusts it with manuscripts recorded on four small diskettes.

Although the panic about computer crime is likely to subside—as panics usually do—the need for security systems is not. "There was a time not too long ago," says the IBM guide, "when the limitations of computing equipment, programming techniques, available skills and the press of applications installations conspired to make controls the very last priority." Those days are gone. There may be no such thing as an unpickable lock for bikes or computers or houses, but that's hardly a reason for leaving the door ajar. =

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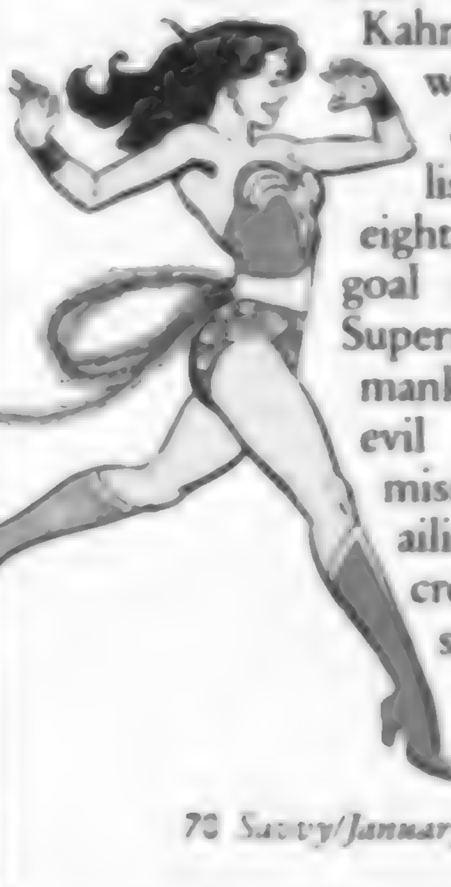
ZAP! POW! SHAZAM!

More powerful than a locomotive, Jenette Kahn, the wonder woman of DC Comics, single-handedly injected new life into the company's cast of ailing superheroes.

BY SUSAN K. REED

Jenette Kahn vividly remembers the first time she was called on to sum up her philosophy of power. The occasion was one of Gloria Steinem's networking get-togethers two and a half years ago, and the participants included actress Ellen Burstyn, 20th Century-Fox president Sherry Lansing, publisher Pat Carbine, and singer Judy Collins. Kahn, then thirty-two, had been publisher of DC Comics for four years. As the dinner drew to a close, Steinem rose and asked each of the women to address the subject of power—whether she considered it a positive or a negative influence. "I felt a terrible sinking feeling in my stomach," recalls Kahn.

She waited her turn as the others spoke. Sherry Lansing got up and self-assuredly said that in her experience power was a corrupting influence and one should try to stay as far away as possible from its use and abuse. Then Kahn stood. "My knees were shaking," she says, "but I maintained that, on the contrary, I thought power was a positive force and that one should try to get it and wield it with as much integrity as possible."



Power and how to make good use of it were very much on Jenette Kahn's mind when she first walked through the doors of DC Comics as publisher in 1976. At twenty-eight, she had set herself a goal almost as daunting as Superman's desire to save mankind from the forces of evil and destruction. Her mission was to rescue DC's ailing superheroes from creative oblivion and restore them to their former glory. The characters, it seemed, were suffering from midlife malaise: the virile "man of steel" was fast approaching his fortieth year in print; Batman, "the caped crusader," was only a year behind him; and the intrepid Lois Lane, Clark Kent's sidekick, definitely needed a makeover.

Earlier generations of comic book fans were now adults more interested in *The Wall Street Journal* than *The Daily Planet*, and the current crop of kids wasn't buying with the same fervor that had sparked sales of 40 million comic books during one month alone in 1946. Though DC Comics (founded as Detective Comics in the thirties) had been acquired by Warner Communications in 1971, the corporate giant cared more about lucrative licensing contracts than aging superheroes.

"DC had gotten a reputation as a very conservative place," observes comic book artist Frank Miller. "You couldn't do anything new or exciting here." Adds Kahn: "This was a very demoralized company."

Today, eight years later, Kahn holds the position of president as well as publisher, and she is leading the company into areas of licensing and product development that have helped keep Warner's publishing division in the black while the fortunes of the parent company have dwindled. (The publishing division includes *Mad Magazine*, Warner Books, Warner Software, and Warner Publisher Services, in addition to DC Comics.) Income for the division in 1982 was $12.5 million on revenues of $88.8 million. By contrast, Warner Communications suffered disastrous losses—$122.4 million—and laid off 30 percent of its white-collar work force. But at the offices of DC Comics, housed in a separate building, the mood is optimistic, even zany. Designer Milton Glaser is in the process of redesigning the company's quarters; his plans include a life-size sculpture of Clark Kent reading *The Daily Planet* in the reception area and an oversized fist smashing through a wall of the conference room.

"We're not exactly pin-striped corporate types," explains Kahn. A woman of impeccable if eclectic taste, she is dressed in cutaway black patent leather pumps, pink stockings with white polka dots, and a bubblegum pink sweater flecked with multicolored bits of yarn. Though she looks somewhat frail in comparison with the towers of power that adorn DC's office walls, her conversation is energetic and wide-ranging, slipping easily from marketing strategies to movie deals to a description of a Charles Eames screen she and her husband recently purchased. When her brother phones, she handles the interruption easily: "I can't talk to you now, but I love you, I love you, I love you!"

"When I first met Jenette, I thought she talked like a cartoon," says her friend fashion consultant Marilise Flusser. "No, actually, I thought she *was* a cartoon." Beyond the bright

This is a job for . . . Jenette Kahn, president and publisher, DC Comics.

Photographed by Joel Meyerowitz

NO MAN ON EARTH
HAS EVER HAD SUCH POWER.
HE'S THE POWER LORD.
POWER LORDS
DC
Supergirl
...VICE VERSA!

chatter and technicolor clothes, however, Kahn's resemblance to a comic-book character is slight. Her evolution from art history student to publishing mogul took more than a visit to a phone booth, and though her rise has been rapid, it in no way approaches the velocity of a speeding bullet.

The daughter of a rabbi and his wife, Kahn was raised in State College, Pennsylvania, and went on to study art history at Radcliffe, where her professors nominated her for the first summer internship program at New York's Museum of Modern Art. By day she worked with John Szarkowski, director of MOMA's photography department; at night she returned to her loft in Greenwich Village. "It was a magic time in my life," she says. "I sat around the garden of the museum with struggling young photographers and talked about life, philosophy, photography."

At the end of her internship, Kahn moved to Boston, where she applied for and received a grant to curate her own photography show. Lacking other plans, she also decided to pursue a PhD in art history. Then an old boyfriend at the Harvard School of Education asked her to help him come up with a project for his young students. "I suggested that the kids put out a magazine for other kids," she recalls. "I painted the dummy by hand, and we took it around and arranged for financing. Then we made a deal with a printer who did the New England telephone books." *Kids,* as the magazine was called, garnered favorable reviews in *The New York Times, Time,* and *Newsweek,* but folded after only six issues. "By the time I was twenty-three," Kahn says, "I was $100,000 in debt and sitting on the wrong side of a creditor's table."

Kahn and her friend sold the magazine, and she returned to New York. She parlayed her experience on *Kids* into a freelance agreement with Scholastic Magazines to start a new children's magazine, *Dynamite.* In short order, *Dynamite* skyrocketed to Scholastic's number one publication, but Kahn and her publishers could not agree on an equitable division of royalties. "I had signed away all my rights," Kahn recalls, "and I felt very violated. The hardest lesson I learned was that you can do everything right, create the most successful magazine in the history of children's publishing, and still lose everything." *Dynamite's* current editor, Chip Lovitt, who arrived shortly after Kahn left, attributes his predecessor's success to a special affinity with her audience: "When Jenette came on the scene, there were kids' fan magazines that told you how many hairs Donny Osmond had on his chest, and there was *Highlights,* a conservative, story-oriented publication. Jenette created a magazine that made kids feel special without talking down to them. She made them feel as if they belonged to a special club."

Rather than take a regular job at Scholastic, Kahn jumped ship to one of its competitors, Xerox Education Publications, for whom she agreed to produce yet another children's magazine. "I called it *Smash* because I wanted to smash *Dynamite,*" she says. Among the stories published in the magazine was an article about Jeff Sarnoff, who had started an alternative newspaper that circulated around private high schools in New York. Soon afterward, a private car and driver appeared at Kahn's brownstone on Manhattan's Upper West Side to pick up ten copies of the magazine. The car belonged to Jeff's dad, William Sarnoff, chairman of Warner Communications. A year later Sarnoff called Kahn and said, "You're the expert on kids' publishing. I'd like to talk to you."

When Kahn arrived at Sarnoff's office, he explained that DC's revenues came from licensing and not from the comics. "I let him know exactly what I thought," recalls Kahn. "The philosophy of the company was 180 degrees wrong. The real assets of a company like DC are its characters. If DC

Kahn and vp of operations Paul Levitz survey products licensed to bear the man of steel's name and likeness.

Another feather in her cap: Kahn wed Mort Fink, executive vp of United Satellite Communications, last June.

wasn't going to rejuvenate them, they would live on for a while in a morbid half-life, but eventually the company would have no more assets." The next day Sarnoff offered her the job of publisher. "Bill sent me over a stack of the current DC comics," Kahn says. "The change in the level of quality from when I was a kid was shocking. They were unintelligible. All the talent had been driven away."

Kahn immediately took action to attract talent back to DC. Although the company owns rights to its handful of legendary heroes, the artists and writers who invented these heroes, such as Superman's creators Bud Shuster and Jerry Siegel, had never participated in the profits their characters generated. Kahn, still smarting from her treatment at Scholastic, moved to eliminate that inequity; she initiated the first royalty program in the comic book industry. Artists and writers now receive a 20 percent creative share of all licensing revenues generated by their characters, and the company offers a medical plan and performance bonuses. Before Kahn arrived, says Paul Levitz, vice president of operations at DC, "the attitude prevailed that if you were under forty, you were a child. Ideas were ignored, and the creative people were treated as if they could not be trusted with sharp objects."

Kahn's next task was to breathe new life into DC's tired heroes. She realized the marketplace had changed since Lois and Superman's heyday and began soliciting ideas for new characters and story lines from artists and writers. "The strength of the comic book market now is no longer little kids," says Levitz. "The market is boys from sixteen to twenty-four. They're more interested in science fiction and fantasy than in the adventures of Bruce Wayne, Clark Kent, or Dick Grayson." Kahn commissioned artist Frank Miller to conceive a new hero. Miller created Ronin, a samurai warrior who is reborn in the future to avenge the death of his master. In a more traditional vein, DC introduced *Camelot 3000*, a recycled version of the knights of the Round Table. But by far the most successful of the new titles Kahn has sponsored is *The New Teen Titans*—teenagers endowed with unusual powers who use their wits and gifts to battle crime in urban areas.

Concurrent with her efforts to shore up the creative end, Kahn had to face the distribution nightmare that was crippling all comic book publishers. "The traditional outlets for comics have always been the neighborhood mom-and-pop candy stores," explains Levitz. "As those stores went out of business, distributors were left with only the larger stores and supermarkets. Those outlets see the kids as obstacles. They don't like them hanging around, and as a result they don't want to carry comic books."

Fortunately for the industry, a new avenue of distribution appeared in the early seventies—the comic book specialty store. Called the "direct market," the stores cater to serious readers and collectors, most of whom spend up to $25 a month on comics (some aficionados pay up to $15,000 at auction for a first edition of *Superman*). "The entire market is in flux right now," says Frank Miller. "No one really knows how many readers there are. We have astronomical figures on some books, but it may be because individual collectors are out there buying up twenty copies apiece." Gambling on a new trend, Kahn established a marketing department at DC, the first in the industry, and directed sales toward the specialty store outlet. She is also considering a program to help people open their own stores around college campuses, where the market is stronger.

Though one of Kahn's strongest assets is plainly her ability to inspire her staff, she has still found energy to spare for the revitalization and expansion of DC's licensing program. "Most of the ways in which we could leverage our properties weren't under my aegis when I was only the publisher," explains Kahn. "In a way,

> "The hardest lesson I learned was that you can create a success, do it all right, and still lose everything."

Kahn began the Wonder Woman Foundation to "inspire women in a real way."

those first five years were my Zen rock-garden period. I sat and thought about all the things I'd like to do if I were the president of DC. So, when I was appointed president in 1981, I was able to get started right away."

Kahn's licensing ace in the hole was Superman. Ironically, though the man of steel's age hurt him editorially, it had only strengthened the marketability of goods bearing his image. "Over 98 percent of the population recognizes Superman," Kahn says. "That's a higher recognition factor than for either Ronald Reagan or Abraham Lincoln." Again she turned to writers and artists for ideas. The result was the first *DC Comics Super Healthy Cookbook*, published in 1981, in which DC characters urge kids to eat healthy foods. So successful was the book that Kane-Miller Corporation, a major manufacturer of private-label foods, approached DC about licensing Superman's name for their no-brand peanut butter. "At first I thought it was a bad idea," Kahn says. "I wanted the program oriented toward health foods, but then I realized that no kid is going to ask his mother for Superman tofu cakes. We decided to try for a compromise between what kids like and what's good for them." DC negotiated with Kane-Miller on the appropriate nutritional content, and Superman Peanut Butter hit the supermarket shelves last fall. "The other manufacturers didn't give us a chance of succeeding," says Mary Moebus, director of licensing at DC. "But within a year we had captured up to a 12 percent share in some markets."

The success of Superman Peanut Butter has spurred Kahn into other supermarket aisles. DC has signed contracts for Super Heroes yogurt, cereal, ice cream, and fruit juice. Kane-Miller will package Superman Raisins, and Nabisco offers Super Heroes Cookies. "I have a fantasy," says Kahn, "that children will someday be able to eat DC-licensed foods from the time they wake up to the moment they go to bed."

Of all her achievements as publisher and president of DC Comics, Kahn is perhaps proudest of the Wonder Woman Foundation, which makes grants totaling $120,000 to women over the age of forty "whose pattern of personal growth and achievement suggests future contributions to American society." Two years ago, Kahn convinced Warner to help fund the project in celebration of Wonder Woman's fortieth birthday. In a flurry of networking, she pulled together a high-powered board for the foundation which includes Joan Kennedy, artist Audrey Flack, law professor Eleanor Holmes Norton, actress Jean Stapleton, and Latin American affairs expert Carmen Delgado Votaw. This year grants were awarded to seventeen women, including the creator of a feminist comic strip, a Latin American correspondent, and a former nun.

Like DC's superheroes, Kahn has used her power wisely and "with integrity"—for the good of DC Comics and the betterment of society as a whole. She laughs off the compliment most often used by her staff to describe her—"visionary"—and ascribes her accomplishments to the many hats she wears at DC. "I've been approached by lots of other companies since I've been here," she admits. "Once I was offered the head of all children's programming for one of the major networks. But that would be only one job. Here I can publish comic books, arrange movie deals, sponsor educational programs, and oversee long-range licensing and marketing. Any other job would be a letdown." ▪

Susan K. Reed last wrote for Savvy *on the marketing of Jockey shorts (July 1983).*

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SHOPTALK

BY MARGO STERNER
Account Representative
Turnersville, New Jersey

A few weeks ago, I took my spouse shopping for a new car. After one salesman's lengthy spiel on the car's features, he turned to me and said, "Now, here's something *you* can relate to: the protective coating on the car's exterior contains Teflon."

Really? When it comes to cars, is the only thing a woman can relate to the inside of a frying pan?

HARD-LINER

BY LAURIE RAPP
Art Director
Houston, Texas

My mother, a school librarian, noticed that one of her fourth-grade charges was having a difficult time choosing a book for his history project. He was crouched near the shelves containing books on World War II, the Korean War, and Vietnam, and pulled out volume after volume, opening each and then putting it back. When she went over to ask if she could help, he looked up at her, slightly annoyed. "Don't you have any newer wars?" he asked.

"No," my mother replied. "But we're working on it."

DRIVING FORCE

BY DOROTHY G. RAYMOND
Corporate Counsel
Larkspur, Colorado

My husband and I race our car in the Sports Car Club of America Solo II Program. Recently we drove to the Solo II National Championships, sure that we were both good enough to win. My husband was a little dismayed when I won my class and he only placed ninth in his. On the way home, though, he salvaged his ego by telling me that while I got to bring home a national championship trophy, he got to bring home a national champion.

SWEET NOTHINGS

BY SUSANNE K. REED
Deputy County Counsel
Sonora, California

I work as an attorney in an office of three attorneys; the representation of county agencies and departments is divided among us. Not long ago, the deputy who represents the planning commission went on vacation and left me to sit in. When he returned, the commission requested that I stay on.

The reasons? I had better legs than the county counsel, was cuter than their present male attorney, and baked "wonderful birthday cakes."

THOSE WERE THE DAYS

BY CAROL BAGGETT
Writer
New York, New York

I was called out of town on business the week before a dinner party to which we'd invited twenty members of an organization where my husband is an administrator. We had no qualms about going ahead with the dinner, since my husband is an excellent chef.

I rushed back from the airport just in time to change my clothes before the guests started arriving. The party went well, and after the five-course dinner my husband's boss complimented my culinary skills. I explained that my husband had prepared the meal. To my surprise, the man beamed and said, "That's great!"

As he left we heard him say to a colleague, "Fine woman. She doesn't mind giving her husband credit for something she's done." =

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Pam Bronk, a management consultant featured in SAVVY.

Barroom Bravado

Your client is late and you're stuck at the bar. Here's a short course in navigating the choppy waters of the watering hole.

BY CASEY KURTTI

Last fall, an executive for a television network was sitting at the bar in a three-star New York restaurant. Dressed in a conservative suit, she awaited the arrival of one of her biggest out-of-town clients. She sipped her vodka on the rocks and kept a close watch on the entrance. Suddenly a well-dressed man approached her as if about to shake hands. The tv executive automatically assumed the presentable stranger was an associate whose name and face had slipped her memory. When she held out her hand, the man carefully and discreetly placed a $100 bill in her palm.

No matter how respectable the restaurant—and no matter how respectable the woman—the bar is still uncharted territory for the unescorted female. The lone woman nursing a drink and quietly minding her own business seems to conjure up images of Diane Keaton in *Looking for Mr. Goodbar:* the lady may look unapproachable, but she's really on the make. To avoid any such misunderstanding, some businesswomen have given up on bars entirely. One top manager for General Electric always waits for her clients on the sidewalk outside the restaurant. "I'm tired of being hassled," she says.

But what about those nights when the temperature hovers around zero? Or the nights when your feet hurt, your head throbs, and your nerves ache for a bloody Mary and a quiet spot to wait for your business date? Since many business meetings take place in restaurants, and since the bar is usually the easiest place to kill time if you arrive early, it seems foolish to cool your heels on the sidewalk. We're slowly finding acceptance in the boardroom; now it's time to successfully negotiate the barroom.

Choosing a restaurant. After five o'clock, your favorite sedate eating place may go through an atmospheric transformation. By five-thirty, you may find yourself waiting for an appointment surrounded by boisterous happy-hour swingers. Always reconnoiter a restaurant by day *and* by night to avoid this inconvenience. It's difficult to hard-sell a prospective client to the megadecibel refrain of the latest Michael Jackson hit. While you're casing the restaurant, you might also want to talk to the captain to make sure the waiter knows who will be paying the check.

Some exclusive restaurants still cling to the "old boy" traditions: that is, the management encourages the unescorted woman to wait for her "escort" anyplace other than the bar—at a table or in the lobby. You should be aware of these policies in advance to avoid

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Casey Kurtti's play Catholic School Girls *has been produced in New York and Los Angeles.*

Illustration by Jacqueline Chwast

embarrassment, irritation, and the possibility of not locating your business associates when they do arrive.

In a hotel, the bar area tends to be more relaxed. This is an advantage for the nondrinker but a disadvantage for the woman in general because a hotel's casual atmosphere may breed excessive social familiarity. In these environments, one IBM saleswoman says she dresses and behaves ultraconservatively to ward off any misinterpretations. But be warned: times have changed for everyone, and prostitutes in major cities dress similarly, right down to the initialed leather briefcase.

Some women prefer to wait at a table in the lounge. This has traditionally been a holding pen for nondrinkers and unescorted women. The advantage of sitting at a table is that it is your own turf, and you also have more room than at the bar. Despite the $100 misunderstanding, the television executive still prefers the bar because "I want to be around people. Especially the bartender. I feel more protected." Of course, the watchful eye of the bartender is usually not glistening with paternalism: he is merely monitoring the bar. The drunk who is bothering you is getting on the bartender's nerves as well. He will be kicked out to protect you—and because he's bad for business.

The manager from GE says she never sits with her back toward the door. "I want to keep on top of things. See what's happening." This choice makes it easier to spot your client when he or she arrives. Also, constant twisting and turning may project an image of insecurity or availability. Worse yet, you may develop a stiff neck.

Sitting at the bar. If you can't check your briefcase, place it directly below the bar, so that your feet touch its surface at all times. Place your purse in the same place or on your lap: never at the bar, never on the back of the bar stool, and never on the empty seat next to you. If you do, you may never see your credit cards again—thieves prey on the busy, better restaurants, especially during peak hours.

Ordering a drink. If the bartender is busy, wait, catch his eye, and say, "I see you're busy—when you get a minute . . ." Never tap a coin. Never snap your fingers. Never say, "Hey, you." When the bartender asks, have your order ready.

If your tastes in liquor lean toward the exotic, and the bartender doesn't know how to make a Long Island iced tea, spare him and make another selection. As a rule, at a busy bar, avoid mixed or blender drinks: they are extremely time-consuming to concoct. (If there's one drink a bartender hates to make at anytime it's a brandy Alexander. It's a pain to serve without spilling, and the residue of cream in the glass makes the sink water greasy.)

Since a bartender depends on tips, a nondrinker at a busy bar—male or female—is viewed as a financial casualty. Some executives are sympathetic and tip heavily when ordering their Perrier. Others supplement the soda by ordering a "prop" drink—a shot of brandy, vodka, or scotch, which they either sip slowly or ignore. (No matter how busy the bar, no matter how bad the snarl of the bartender, one should never feel forced to drink.)

Bar checks. Before ordering a drink, tell the bartender, "I'm waiting for a client, we'll be having lunch. Would you please run a tab?" This states you are in the bar for business reasons. Most restaurants will transfer the tab to your waiter. If this is not house policy, have cash on hand. (Some restaurants do not accept credit cards for checks that come to less than $10.)

Waiting comfortably. Some people can sit comfortably at a bar, sipping their drinks and daydreaming. But if you feel compelled to justify your presence, bring along a business prop. Carry a folder and glance through it, or take out a small tablet and make notes. Reading is, of course, a standard way to entertain yourself, but refrain from large newspapers. Choose a magazine or book. Yes, the *Wall Street Journal* is impressive but does not fit easily into the one foot of space you are allotted at an elbow-to-elbow bar. And you'll look like Buster Keaton if you try to turn the pages.

The free drink. Sometimes body language fails. The eager customer at the end of the bar breaks through your force field and offers you a drink. Because the gesture is an overtly social one, you may find yourself stuck in an awkward situation when your business date arrives. That is why most executives, men and women, never accept an unsolicited drink.

If a customer offers a drink, refuse directly: "Thank you, I won't be staying that long."

If a customer offers a drink directly, refuse directly but politely: "Thank you, I won't be staying that long." If the bartender delivers the message, decline through the bartender. It is not necessary to acknowledge the customer personally. A smile or a wave may just encourage him.

In rare instances, the bartender may fill your drink without permission. Decline cordially by saying, "I'm sorry you went to all that trouble. I can't accept." If a customer refuses to take no for an answer, bring it to the bartender's attention. Use this opportunity to call your office and see what happened to your client.

Phone calls. Always take your purse and briefcase with you when you are going to make a call. Leave your drink on the bar. Let the bartender know you are leaving. He will keep an eye out for your client. He will save your seat. Most important, he won't worry that you've forgotten to pay the check.

The tip. Just in case you've forgotten: standard tip in a big-city bar is at least 15 percent and often 20 percent. If you've been sitting at a busy bar, nursing a Tab with lemon, 50 percent or even the price of the soda is not going overboard. Some women will deliberately overtip when they're at a bar for the first time. A good tip establishes a relationship with the bartender, which will be rewarded by good service. And always tip the bartender before leaving the bar to have lunch or dinner.

If the next time you go to a bar, you begin to draw a blank as to correct barroom etiquette, don't despair. Just remember the simple but potent advice of bartender Lenny Tonetti of St. Charley's Bar in Manhattan, "Relax, be cordial, and don't order a brandy Alexander." =

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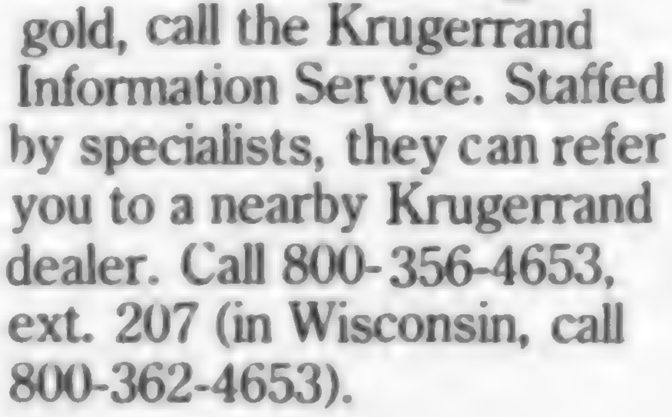

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The War Between the Foot Doctors

Orthopedists call podiatrists quacks. Podiatrists call orthopedists hacks. In whose hands can you trust your feet?

BY SUE NIRENBERG

As every well-dressed executive discovers sooner or later, it takes a designer foot to wear a designer shoe. Practically speaking, most women's shoes—especially those exquisite $200 Ferragamos with pointed toes and slender two-inch heels—pose risks not only to the feet, but also to the knees, back, neck, and mood.

Americans pay 35 million visits to podiatrists every year—women four times more often than men—and an increasing number are women in their twenties and thirties. The American Podiatry Association estimates that 70 percent of the population will experience at least one kind of foot misery—bunions, corns, calluses, hammertoes, or neuromas—at some point in their lives. Moreover, since an average day of walking adds up to a weight force equivalent to between 1,000 and 1,500 tons, feet are up against some very tough odds to begin with. Multiply those odds by high or low arches, broad toes or narrow heels, and city pavements. Now add in a recent Gallup poll: half the women surveyed said they knowingly wear uncomfortable shoes because they look good. Women who wear their sneakers to the office may have shed that last vestige of feminine helplessness—low-mobility footwear—but most of us would rather not fight the good fight for equality in a pair of Keds.

If these painful statistics have a bright side, it is that there are plenty of specialists—orthopedists and podiatrists—eager to correct foot problems surgically. Podiatry, in fact, is the fastest-growing specialty in the health care field. Unfortunately, though, the two groups display a serious lack of diplomacy in their dealings with each other. Both claim that a majority of their cases are "salvage surgery," or "revisions"—and, in fact, both have waiting rooms jammed with victims of failed surgery performed by the other specialty to support their claims. Anyone who can remember the days when physicians rarely spoke ill of their colleagues (before the AMA permitted advertising) will be unpleasantly surprised by the state of "foot care" today: podiatric foot surgeons handing out press kits, orthopedists performing surgery on television, outrageous fees and accusations. Tattletale surgeons seem to relish their colleagues' more spectacular failures: a prima ballerina with the New York City Ballet had her bones realigned by an orthopedist but lost flexibility—and her job; a professional tennis player underwent podiatric surgery to compete at Wimbledon—and ended up on the hometown circuit. One highly regarded orthopedic surgeon in Chicago summed up the situation for his still-suffering post-operative patient with uncharacteristic candor: "Do you think I know everything? We all have failures—and you're one of mine."

So the question for the confused, footsore patient is this: who is more qualified to practice foot surgery—the young new-breed podiatrist trained at one of the country's six podiatric schools to work exclusively on the foot, or the orthopedist who has completed a four-year medical school program and a four-year residency but who may or may not specialize in foot problems?

Much of the rivalrous acrimony between the two specialties derives from the fact that podiatrists are not MD's. Although they receive far more extensive training now than twenty years ago, conservative orthopedists like Melvin Jahss, clinical professor of orthopedics at Mount Sinai Medical School in New York, continue to question their general medical knowledge. "What does a podiatrist know

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Sue Nirenberg is a New York writer with foot problems. She last wrote for Savvy *on "Life Without Father" (March 1983).*

Illustration by Jerry Joyner

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about diabetes, rheumatoid arthritis, gout, or psoriasis—diseases that often exhibit early symptoms in the foot?" asks Jahss. "How can anyone who hasn't completed a surgical residency evaluate a patient? If you need root-canal work, would you go to a dental surgeon or a dental hygienist?"

Margie Plon, a twenty-nine-year old DPM (Doctor of Podiatric Medicine) in Philadelphia, says that Jahss's criticism was justified twenty years ago but has since been rendered obsolete. "The podiatry school I attended in Ohio shared professors with Case Western Medical School," she says. "We learned all the basic sciences, like physiology and pharmacology, in the first two years. The last two years (when medical students study the entire body) we took specific courses in foot surgery and anatomy." Like many podiatrists, Plon also went on to a surgical residency in a major hospital (podiatrists may opt for a one-to-three year program). After the requisite five years of practice, she passed the American Board of Podiatric Surgery's exacting certification test. "Dr. Jahss is tied to the old-fashioned idea that podiatrists are no more skilled than the chiropodists of 40 years ago, who were qualified only to trim toenails and cut calluses," she says.

These days podiatrists not only consider themselves medically on a par with physicians—they say that there's no contest technologically. Orthopedists may remain skeptical of the new high-tech surgical methods podiatrists are using, but they can't ignore some pretty impressive results. For example, the traditional orthopedic operation to remove a bunion (a bump on the big toe caused by inflammation of the joint at the base of the toe), known as a bunionectomy, involves open surgery under a knife, using apparatuses like bone screws, pins, and casts. It requires a lengthy hospital stay (keeping the foot elevated for four days to a week) and permits little movement for a month. By contrast, "minimal-incision" surgery may be performed in a podiatrist's office with a tiny instrument similar to a dentist's drill, takes only fifteen minutes—and you can walk away when the operation is over (hence the name: lunch-hour surgery).

Similarly, the new laser surgery, used to treat neuromas (tumors caused by an irritated nerve trapped between two bones in the foot), takes

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> *"How fast you get out of the operating room is less important than how your foot functions."*

fifteen minutes in a podiatrist's office compared with 45 minutes of open surgery in a hospital. Barry Kaplan, a DPM in Phoenix, Arizona, with 21 years of experience, was trained in traditional surgical techniques but now uses the minimal-incision and power-equipment procedures. "The difference between the old and new methods," says Kaplan, "is that the laser seals the end of the nerve, preventing regrowth or scarring, whereas traditional surgery frays the end of the nerve, which can cause small pedicles (excess flaps of skin) to grow back and painful scar tissue to form around the nerve."

One of the pioneers in both laser and minimal-incision surgery is DPM Louis Shure, director of the New York outpatient facility Accent on Feet. Shure, whose waiting room is studded with photos of Hugh Downs, Marge Champion, dancers from *A Chorus Line*, Jessica Tandy, and Anne Bancroft, has assembled the most modern technology available to medical science—much of it unknown to conventional orthopedists and even to some podiatrists. His sparkling, computerized office has five operating rooms, each equipped for outpatient surgery with a Polaroid X-ray machine, a vascular analyser to evalulate the patient's circulation, and a reclining motorized chair that converts to an operating table. A laser and a Lixi-scope—the new, portable NASA-developed low-intensity X-ray imaging machine that provides a direct and instantaneous view of the foot's bones during an operation—travel from room to room when necessary.

Shure is undaunted by criticism from the orthopedic camp. "Surgery is mechanical. It's like being a carpenter. I go in with the drill, file the bunion down, grind it away in a mix of bone and blood, and squeeze it out like paste," he says. His relish for graphic detail is apparent even in his belt buckle: four brass feet, each approximately three inches long. "I do bunions day in and day out," he continues, "so I'm good at it. An orthopedist does knees, backs, hips, shoulders—and feet. Is he going to know as much about feet as I do?" (One of 28 foot specialists invited to China on a three-week "People to People" exchange program, Shure says orthopedic surgeons at the First Medical College of Shanghai "stood with their mouths open" when he demonstrated the Lixi-scope.)

Conventional orthopedic wisdom maintains that bunionectomies are complex procedures that require large incisions for the surgeon to see properly. Minimal-incision proponents counter that they can see with the X-ray instruments; moreover, they claim, they can *feel* what they're doing with the small, drill-like instrument called a burr. Says Arnold Sussman, a DPM in Springfield, Virginia, with patients from neighboring Washington, DC, as well as from Greece, Venezuela, Guatemala, and Mexico: "When I can feel the contour of a bone with a delicate instrument, there's no reason to open a foot and

Paying Through the Foot?

1. *What you can expect to pay*: Orthopedic and podiatric fees vary wildly—another reason to get a second opinion. Here are some general guidelines:

Podiatrists: Most podiatrists will admit they "make a nice living." Indeed they do—an average of $90,000 before taxes, which is comparable to what a general surgeon makes. Dr. Shure only charges $50 for a consultation, far less than most. But an "initial workup" consisting of circulatory tests, X rays, a pair of specially molded shoe supports known as "orthotics," an Electrodynogram test (a diagnostic computer that locates the problem and suggests therapeutic options), and the requisite number of "after-care" visits will set you back at least $1,500. For surgery on corns, calluses, neuromas, and hammertoes, add another $300 to $1,500; for a bunionectomy, $750 to $2,500.

Orthopedists: Since most work through hospitals, fees vary more by region than by individual. That doesn't mean they charge less. One New York orthopedist charges $125 for a consultation and another $75 for X rays—and he's not exceptional. However, not all orthopedists will be vying for your business, because in fact they can make a lot more money on a fractured hip than they can on a hammertoe. In that event, expect a podiatric referral. Surgical fees are comparable to podiatrists'.

2. *Insurance coverage:* Both orthopedic and podiatric services are covered by most commercial insurance plans, including Blue Cross/Blue Shield. Some plans allow for testing and treatment of diseases that only affect the foot: arthritis, bursitis, fungus, diabetic ulcers. Some pay for X rays, lab work, physical therapy, circulation tests, and second opinions. Since insurance companies update their coverage every year or so, check your policy before you consult a specialist.

3. *Footspeak*: It wouldn't hurt to study an anatomy book so you can speak foot language: dorsum, lateral malleolus, anterior tibial artery, and the like. Then when the surgeon discusses risks and possible complications, you'll understand exactly what's involved.

4. *For referrals and additional information, write to:*

- The American Podiatry Association, 20 Chevy Chase Circle, N.W., Washington, DC 20015
- The International Podiatric Laser Society, P.O. Box 419, New York, NY 10028
- The American Orthopedic Foot and Ankle Society, 3750 North Lake Shore Drive, Suite 4G, Chicago, IL 60613
- The American College of Foot Surgeons, 629 28th Street, San Francisco, CA 94131

Any hospital orthopedic department will provide referrals to orthopedic foot and ankle specialists.

dissect all that tissue." In addition, Sussman points out that there is a risk of infection or phlebitis from the traditional hospital procedure.

Surprisingly, the harshest criticism of the new podiatric techniques comes from another podiatrist. Dr. Louis Galli, a DPM with the Foot Care Group in New York, which specializes in runners' and dancers' foot problems, says the success rate of minimal-incision surgery has not been documented because the power-equipment procedure has been in use for only ten years (the procedure was done twenty years ago with hand tools). "How fast you get out of the operating room is less important than how your foot functions in ten or twenty years," he says. Podiatrists Kaplan and Plon cite findings published in the American Podiatric Association Journal and other medical journals to refute Galli's objections. Adds Plon: "The new minimal-incision surgery is no different from the traditional surgical procedure—it's the instrument that's different. And you don't have to redocument a procedure every time there's an instrument change." Both Kaplan and Plon admit that minimal-incision surgery demands much greater manual dexterity, but stress that the success or failure of either technique depends ultimately on the skill of the surgeon.

As the new high-tech surgical methods gain wider recognition, the old battle lines between orthopedists and podiatrists may begin to blur. Clearly, the most important factor in choosing a foot fixer—and if you believe the statistics, most of us will need one any day now—is experience, not affiliation. Before you trust a surgeon with your foot—that delicate arrangement of 26 small bones, 114 ligaments, innumerable joints and tendons and connective layers of tissue, and inestimable yards of blood vessels—inspect his or her qualifications carefully. Get a second opinion, and a third, and a fourth, if necessary, because every specialist sounds credible in a vacuum. Podiatrists should be certified by the American Board of Podiatric Surgery or the International Podiatric Laser Society. Also find out if the podiatrist has a hospital affiliation—most do, even if they prefer outpatient surgery. By exercising more than the usual caution, you'll avoid becoming yet another casualty of the foot war. =

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ON THE ROAD

Where's Kansas City?

North, south, east, or west? Up-to-date or behind the times?

Kansas City—smack dab in the middle of the country—is also in the midst of a period of unprecedented development. More than a billion dollars worth of construction for the metropolitan area was announced in 1983, including a $130 million office park, downtown office towers, and surburban office complexes.

Outsiders have heard the town is "manageable" and "livable"—not exactly words that would trigger a stampede to this former cow town. Visitors come expecting flat, drab prairie and instead find hills, elegant residential boulevards, and (if they care to scout them out) more fountains than in any city except Rome.

Kansas City lies in both Kansas and Missouri, divided by a road called State Line. Its boosters say it's a "people city"; 1.3 million live in the metropolitan area, more than half of them in Missouri. Although Kansas City lost the "Gateway to the West" title to long-standing rival St. Louis, its central location makes it a major transportation hub and agribusiness center. (One out of every six citizens is supported by farming, livestock, or related industries.) The city ranks first in the nation in farm equipment distribution and underground storage space and second in automobile production; recently it emerged as the country's second (after Chicago) busiest rail center. Major corporations headquartered in Kansas City include Hallmark Cards, Unitog, Interstate Brands, Farmland Industries, Cook Paints, Peterson Manufacturing, Tension Envelopes, Whittaker Cable, and Marion Laboratories.

A convenient location, low rents, and the high quality of life are key reasons many companies have decided to move their headquarters here, but several factors have made the Kansas side more attractive for businesses than the Missouri side. For example, Kansas has the "right to work" law, which allows companies to hire nonunion employees—a major factor in the great influx of moderate-sized companies into the state. On the other side of State Line, however,

Spanish-style Country Club Plaza: one of Kansas City's 102 fountains.

EDITED BY PATRICIA VAN BENTHUYSEN

Photograph courtesy Convention and Visitors Bureau of Greater Kansas City

there is no such law. And although Missouri has the third-lowest corporate tax structure in America, the state is just catching up with Kansas's longtime practice of offering tax-free bonds and tax abatement programs.

Kansas City, Missouri, has preserved its downtown core city, complete with colorful old neighborhoods, ethnic restaurants, nightlife, jazz clubs, and more stringent controls on development. The Kansas side is growing faster, offering more relaxed building controls, better public schools, mammoth shopping malls, and look-alike suburbs.

But even with the boom in business, it is tough for women to advance past middle management in Kansas City. Most women presidents of corporations have built their own businesses. Sue Joyce, president of Collet Ventures, a multimillion-dollar venture capital firm, maintains she has to work hard to be taken seriously by her clients at their first encounter. "Conservative attitudes are still very ingrained here," she says.

Kansas City's print media has been criticized by some women executives as lagging behind on stories about businesswomen. "Many of the articles seem patronizing," says Mary Corcoran, program director of Kansas City's Women's Resource Center. "The reporters are well meaning, but they always showcase the successful woman as even more extraordinary because she's attractive, wears elegant clothes, has wonderful children and a husband who doesn't mind if she travels."

One of the ways a newcomer can break through the town's old guard is to join civic and political organizations. "You can meet a lot of high-level executives at fund-raising events," says Carolyn Ashford, director of corporate communications for Payless Cashways.

The community boasts an extensive network of women's organizations. Kansas City Central Exchange, a group of 500 businesswomen and community volunteers, owns a historic former firehouse where they meet for informal discussions, educational seminars, and lectures.

KANSAS CITY CENTER

A four-block square convention center, restaurants, shops, theaters, and hotels are all within easy walking distance of one another in downtown Kansas City. The downtown area also guards one of the city's loveliest secrets: its 1930's Art Deco architecture, like the stylized concrete Power and Light Building at 14th and Baltimore.

Crown Center, a city-within-a-city, lies midway between downtown and midtown. Developed by J.C. Hall, founder of Hallmark Cards, Crown Center extends over 85 acres and includes office complexes, two major hotels, retail shops, restaurants, condominiums, and apartments.

Five miles south of downtown, in the midtown vicinity, is Country Club Plaza. Built in 1922 as the country's first shopping center, it houses an array of boutiques, restaurants, and exclusive shops such as Gucci and Saks Fifth Avenue. Also in midtown is Westport, a favorite stopping-off place for pioneers on their way to the Santa Fe, California, and Oregon trails.

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Where merchants once outfitted Conestoga wagons, today's Westport is a thriving community alive with restaurants, art galleries, and popular nightclubs like Blayner's and The New Stanley.

TRANSPORTATION

Although Kansas City covers more than 700 square miles and extends across two states and five counties, its well-planned streets and expressways make it easy to navigate. Interstate highways ring the city, getting you in, around, and out of town fast, and city roads follow a numbered grid. The Metro, Kansas City's public bus system, serves all counties except Johnson in Kansas. (Call 221-0660 for schedule and route information.) The KCI Express is a shuttle bus that takes visitors from modern Kansas City International Airport to most downtown hotels in half an hour. Airport limousine service is also available.

Cabs are obtainable by phone or at major hotels, but if you plan to cover a lot of territory or stay long in Kansas City, it's best to do as the locals do and travel by car.

SIGHTSEEING

During the day, you can get an idea of luxury living in Kansas City by taking a ride along Ward Parkway or through Mission Hills. Farther west and south is Johnson County, Kansas. Dubbed "executive country," it ranks among the top five regions nationally in per capita income.

Kansas City's Nelson Gallery of Art—Atkins Museum of Fine Arts has the largest collection of Oriental art outside China; paintings by the world's great masters, including Monet, Degas, van Gogh, and Rembrandt; and contemporary works by such notables as Andy Warhol and Willem de Kooning.

The Harry S Truman Library and Museum and the Truman House in Independence, Missouri (twenty minutes from downtown Kansas City), are gearing up to celebrate the thirty-third President's one-hundredth birthday this spring.

Kansas City also has a reputation for sports, jazz, and barbecue. It has four major-league teams and a total of 302 parks (Swope Park is the second-largest urban recreation area in the country). Kansas City-style jazz can be heard at Harry T's in the Phillips House Hotel, City Light at 7425 Broadway, and at the Women's Jazz Festival each spring. As for barbecue, head for Arthur Bryant's, 1727 Brooklyn, and glory in ribs, beef sandwiches, and french fries.

The visitors' information phone at the Convention and Visitors Bureau (474-9600) offers a daily recording on area events.

KANSAS CITY HOTELS

Downtown

The Embassy on the Park-Sheraton. Originally constructed in 1925, this regal old hotel has been renovated and the large, airy rooms tastefully furnished in wood, wicker, and leather. Coffee or tea comes with your morning paper, and singing waiters and waitresses serve breakfast, lunch, and supper at Carnegie's, the hotel's restaurant. 1215 Wyandotte. (816) 471-1333 or (800) 821-5714. Singles: $54–$75. Suites: $90–$400.

The Phillips House. A Kansas City classic, the Phillips House was recently renovated and now offers 184 luxurious two-room suites with original Art Deco fixtures. The lobby is adorned with hand-carved beams, marble, and a breathtaking sculpted "golden lady." The Sirloin Room serves outstanding steaks, along with jazz and blues. 12th Street and Baltimore. (816) 221-7000 or (800) 821-5337. Single suites: $45.

Radisson Muehlebach Hotel. A legend in its own time, this hotel has played host to every President since Teddy Roosevelt. Harry Truman lived here for six months during his administration, and rumor has it that Truman Capote wrote *In Cold Blood* in the lobby lounge. Barney A's restaurant has live entertainment and fresh pastries baked on the premises. 109 W. 12th Street at Baltimore. (816) 471-1400 or (800) 228-9822. Singles: corporate rate $56. Suites $105–$630.

Downtown to Midtown

Hyatt Regency Hotel. Stay fit while you're in Kansas City with the hotel's complimentary pool and jacuzzi. The health club offers two tennis courts and exercise classes on Tuesdays, Thursdays, and Saturdays. 2345 McGee. (816) 421-1234 or (800) 228-9000. Singles: $79–$99. Suites: $125–$500.

The Westin Crown Center. Another fitness center, this one equipped with heated outdoor pool, whirlpool bath, Universal exercise equipment, four tennis courts, putting green, and running track. Serious runners can work out between meetings at the nearby Penn Valley fitness trail, where Kansas City Track Club members will orient newcomers to the course. One Pershing Road. (816) 474-4400 or (800) 228-3000. Singles: $84–$104. Suites: $214–$800.

Midtown

Alameda Plaza Hotel. Adjacent to the Country Club Plaza. Complimentary long-stemmed roses for the traveling businesswoman, refrigerators stocked with Mountain Valley water, turn-down service with good-night mints, and 24-hour room service provide more comforts than home. The Alameda Rooftop restaurant offers dining and dancing. Wornall Road at Ward Parkway. (816) 756-1500 or (800) 821-5502. Singles: $72–$88. Suites: $88–$450.

Granada Royale Hometel. All rooms are suites that include a living room, full kitchen, wet bar, bath, and bedroom. Two television sets and two telephones are standard, and all suites face the twelve-story interior atrium. A complimentary breakfast is served in the morning, and evening cocktails are on the house. 220 W. 43rd Street. (816) 756-1720 or (800) 528-1445. Single suites: $79.

Hilton Plaza Inn. The business person who wants to check in with no fuss can call the "Hilton hotline" for a membership card that entitles you to a quick check-in, complimentary coffee, newspaper, cocktails, parking, and the guaranteed minimum room rate. A courtesy car will take you to and from nearby Country Club Plaza. 45th and Main Streets. (816) 753-7400. Singles: $54–$69. Suites: $117–$166.

KANSAS CITY RESTAURANTS

Kansas City serves everything from exotic Mediterranean cuisine to barbecue to pig hocks and navy beans. Unless otherwise noted, all the restaurants below take major credit cards and reservations.

Al Roubaie. The Mediterranean reigns supreme at Al Roubaie, listed among *Esquire*'s top 100 restaurants in 1982. Specialties include rack of lamb Al Roubaie, duck with peach or orange sauce, and steaks prepared with a combination of garlic, brown, and hollandaise sauces. Lunch: $4–$7. Dinner: $9–$19. 4800 Main Street. (816) 753-0500.

American Restaurant. Culinary America is showcased in this Mobil four-star restaurant, which offers such unusual items as roast peppered duck with California figs and port wine. At noon the unlimited buffet lunch draws a large business crowd. Buffet lunch: $8.75. Dinner: $25–$32. Located atop Hall's Crown Center, Grand Avenue and 25th Street. (816) 471-8050.

Anthony's. Anthony's doesn't advertise, but regulars know it's the place for outstanding northern Italian food. The white wine sauces are superb. Don't miss the fettucini puttanesca, a terrific pasta and seafood dish, or the chicken cooked with white wine, mushrooms, and broccoli. Lunch $3.50–$8. Dinner: $7–$11. 701

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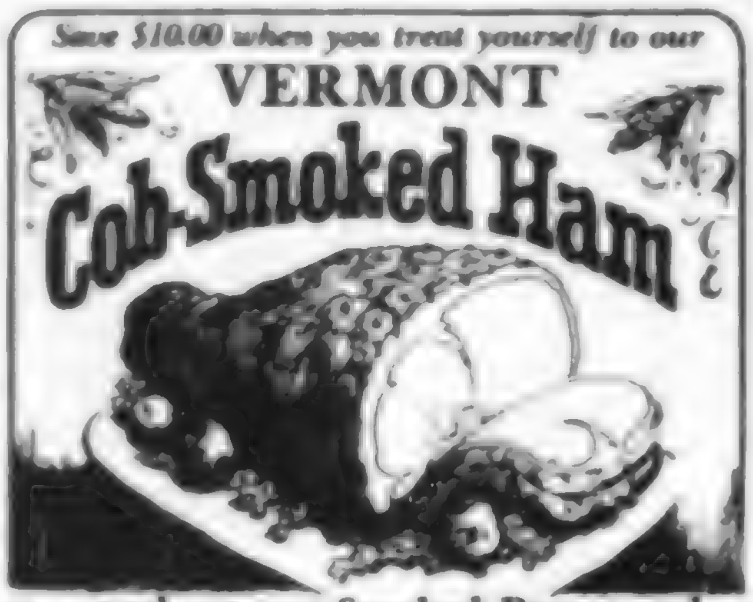

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Bristol Bar & Grill. Seafood and steaks grilled over an open mesquite fire are the highlights here. The big attraction on Wednesday and Sunday afternoons is the seafood bar, which features ten-cent oysters. Lunch: $5–$10. Dinner: $15–$25. 4740 Jefferson. (816) 756-0606.

Cascone's in the City Market. Open for breakfast and lunch, Cascone's is always packed. Try the homemade ravioli, fresh pig hocks and navy beans, mostaccioli, and baked Swiss liver and onions. Noisy, crowded, and fun. No credit cards or reservations. Lunch: under $4. 20 E. 5th Street. (816) 471-1018.

La Bonne Bouchée. An authentic French bakery located on the Country Club Plaza. Best for a quiet continental breakfast of café au lait and fresh-baked croissants, but any hour is good for sampling the quiche and pastries, pies, cakes, and breads. No credit cards or reservations. Breakfast and lunch: under $5. 618 Ward Parkway. (816) 931-5230.

Arthur Bryant's. Calvin Trillin's favorite and the standard by which all Kansas City barbecue is measured. Bryant's is not for the mild-mannered—just muscle in and serve yourself ribs, beef, ham sandwiches, and the best french fries in America. Lunch and dinner: $5–$7. 1727 Brooklyn. (816) 231-1123.

La Méditerranée. This restaurant won four stars from Mobil for its classic French and nouvelle cuisine. The service is excellent and the sauces superb. The fresh salmon and dessert soufflés are a must. Lunch: $5–$15. Dinner: $25–$40. 4742 Pennsylvania. (816) 561-2916.

Savoy Grill. Step back in time and enjoy this Kansas City landmark. Opened in 1903, it offers fresh crab, lobster, shrimp, and steak served in a plush setting of dark woods, antique fixtures, and elegantly appointed tables. Lunch: $6-$10. Dinner: $8–$36. 9th and Central. (816) 842-3890.

Peppercorn Duck Club. Delicious spit-roasted duck is the main attraction here, followed by spare ribs, steak, veal, and lamb. An excellent wine list and personal service are the restaurant's hallmarks. For dessert, try the decadent "ultra chocolatta" smorgasboard of chocolate mousse, cakes, and pies. Lunch: $5–$10. Dinner: $25–$40. Hyatt Regency Hotel, 2345 McGee. (816) 421-1234.

Top of the Crown. One of the few local restaurants to offer gourmet dining and dancing, Top of the Crown provides a spectacular view of the city. The menu changes seasonally, but the $11.50 Sunday brunch is a dependable delight. Dinner only: $20–$40. The Westin Crown Center, One Pershing Road. (816) 474-4400. —SHIFRA STEIN

Shifra Stein is the author and publisher of Pocket Guide to Kansas City.

Eileen L. Heyn: a proven commitment to education and public service.

STAR 84

Boeing may be facing some turbulent times, but one of its employees, Eileen L. Heyn of Seattle, is flying high. Heyn, a retrofit review board coordinator who oversees customer and engineering requests for modifications and repair of Boeing jets, was named the 1983 American Business Woman by the American Business Women's Association at their annual convention in Las Vegas.

Heyn was selected from ABWA's 110,000 members for her business accomplishments, commitment to continuing education, and involvement in community affairs. She is a member of International Toastmistress, the Institute of Managerial and Professional Women, the Professional and Managerial Women's Network, The Seattle Repertory Organization, and Zonta International.

Sylvia Jordan, president of McCall Transfer Ltd., was elected ABWA's 1984 president.

JUDGE UPBRAIDS REAGAN

Judge Clarice Jobes of the Detroit Recorders Court called President Reagan's record (or lack of one) on appointing women to the judiciary "appalling." Jobes, the new president of the National Association of Women Judges, added, "It's a bad climate. I don't look to see any improvement unless we get a new President." Although Reagan put the first woman on the Supreme Court (Sandra Day O'Connor was a founding member of NAWJ), women account for only 7 percent of his judicial appointments.

Jobes believes that having more women on the bench will result in a better judicial system. "Anything that makes the judiciary more reflective of the population improves it," she said.

Jobes became NAWJ's 1983–84 president at their annual convention in San Francisco where Rose Elizabeth Bird, chief justice of the California Supreme Court, was given NAWJ's Judge of the Year Award. Bird, a controversial figure who has survived five recall attempts in six and a half years, urged NAWJ members to use their power to ensure equality for all working women, not just those in white-collar professions. The fact that a few women have advanced to top positions "should serve as a challenge to us not to settle for a mere cosmetic touch and a type of tokenism," she said.

Membership in the NAWJ, founded in 1979, now stands at 500, or more than half of all women judges nationwide.

PITTSBURGH'S RENAISSANCE

Soon after *Savvy*'s October issue ranking Pittsburgh as one of the six worst cities in the country for women managers ("You Are Where You Live") hit the newsstands, Pittsburgh Mayor Richard S. Caliguiri appointed a 21-member task force to improve conditions for women in employment, housing, and public safety.

"Many people were dismayed, but not surprised, to see Pittsburgh in the worst category," says task force chair Mary K. Reilly, an investment officer at Mellon Bank. "The article helped us substantiate that this city still has far to go with respect to opportunities for women. It was well-timed ammunition."

The new Task Force on Women in Renaissance II (Pittsburgh's economic development program) held its first meeting less than two weeks after its members were appointed. "I want to move ahead with a sense of urgency," says Reilly. "People are squirming out of their seats with good ideas."

NEW ALLIANCES

Judy Schunn, personnel manager, AMC Corporation, Philadelphia, was elected 1983–85 president of the National Alliance of Professional and Executive Women's Networks at its fourth annual conference in Kansas City.

The Alliance is launching two major projects in 1984. One will help professional organizations acquire and finance their own meeting facilities. "We want to make places like the Central Exchange in Kansas City, one of the few professional women's associations to own its own headquarters, accessible to the average businesswoman," said Schunn. The second program will train Alliance members for service on nonprofit boards.

Schunn said that the Alliance will continue to develop its speakers bank and to increase communication with local networking organizations.

CABLE COLLECTION

Women in Cable recently donated its documents, minutes of meetings, and bylaws to the Arthur and Elizabeth Schlesinger Library on the History of Women in America at Harvard University. WIC is the first telecommunications group and one of only a few professional women's organizations with archives there. The contribution was part of "Cable in Context: The Challenge of Change," WIC's second annual professional conference.

TWO FIRSTS FOR WICI

Women in Communications Inc. committed itself to two goals at its recent national seventy-fifth anniversary professional conference in Philadelphia.

WICI's first objective is to ensure the continued progress of women in the communications industry. "The Christine Craft case has made us rededicate our efforts to pass the ERA," says WICI's new president,

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Lynn Martin Haskin. Its second objective is to increase efforts on behalf of the First Amendment and the Freedom of Information Act. To further this goal, communications lawyers will now be admitted to the 12,000-member organization.

Haskin, special assistant to the provost for academic planning and organization at Temple University, broke with tradition and appointed a man, John Quinn, to chair WICI's new FOIA committee. Quinn is chief news executive/executive vice president of Gannett Company and editor of *USA Today.*

TWO FOR TWO

Marie Garibaldi judges her first year.

Marie Garibaldi, the first woman appointed to the New Jersey Supreme Court, and Jane Burgio, New Jersey's first female secretary of state, were honored at a recent dinner hosted by Executive Women of New Jersey.

Garibaldi, a founding member of EWNJ, who was a partner in the firm Riker, Danzig, Scherer & Hyland before her appointment to the court last year, said that the transition from an active practice to the bench was dramatic. The joy of being a justice is having the time to devote yourself to research without the worries and pressures of private practice, she said.

The award was Garibaldi and Burgio's second honor in one month. They were also saluted (along with State Senator Wyona Lipman, Assemblywoman Marie Muehler, and Sister Barbara Williams of Georgian Court College) by the New Jersey Association of Women Business Owners. ▪

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INFORMATION

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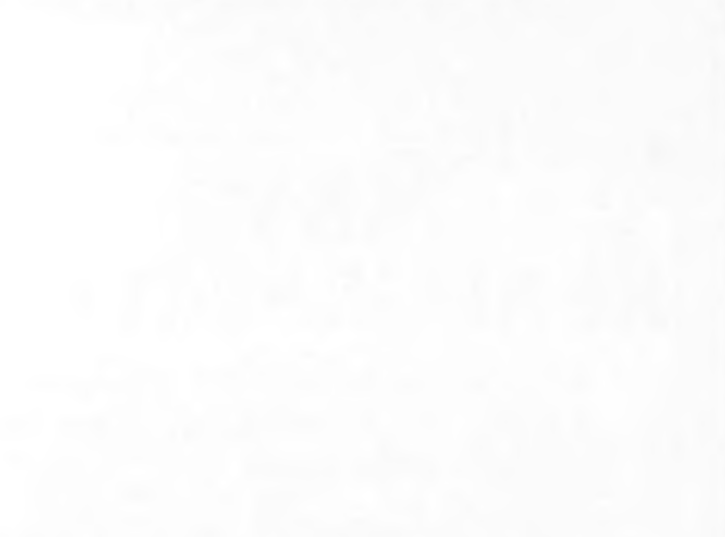
The Happy Median

A member of the Woodstock generation discovers the joys of conformity.

BY MARIANNE JACOBBI



In general I don't like the idea of being a statistic, but I was happy to learn recently that I am precisely the median age of northeasterners in this country—31.8 years—and I am not much older than the national median age of 30.6. By accident of birth, I am in style.

At 31.8 I have purchased my first frost-free refrigerator, had my first child, written my first book, and managed to stay in my first marriage. If I continue to conform to the statistics, I will most likely have a second child, I will remain in a central city, and my values will become more like those of my parents, who are typical of their generation in that they don't live in a central city. According to an article I read recently in a psychology journal, I'm like most college-educated women because I haven't given up my career while raising children. As for the future, I can expect to spend 23 percent of my adult life without a husband, which I'll worry about when the time comes.

One purpose of the U.S. Census is to help us make sense of our lives, and my own life has fallen neatly into place since I learned that I am of median age.

I read, for instance, in a book by Landon Jones called *Great Expectations: America and the Baby Boom Generation* that baby-boomers (people my age) "buy more and save less than any generation in history." This fact makes me typical, and I feel great: no more guilt about that two-figure balance in my savings account; no more compulsion to buy my two-year-old a piggy bank. Like other median-agers, my family *spends* discretionary income—on such necessities as Cuisinarts and answering machines, Chinese food and designer water and $40 running shoes (not sneakers). If we median-agers are house-poor, we've at least got the fine art of living-above-our-means down to a science.

Here I am, 31.8 and approaching my peak earning years. I've found that advertisers and sociologists are taking me seriously, and this makes me feel statistically significant. Now a full-fledged adult with a vested interest in conformity, I'm as proud of my generation as I was when we were flocking to Woodstock and eating brown rice. Thanks to us, "guilt" and "obligation" are disappearing from the American vocabulary. "Quality time," "flex time," and "no-fault divorce" are our buzzwords.

Of course there are drawbacks to being 31.8 and a product of the baby boom, like competition for jobs and scarcity of housing. But these are far outweighed by the advantages, for I am a member of a cadre with clout. We median-agers set trends—delayed childbearing, smaller family size—and will continue to do so. In years hence, no doubt, we will make crow's-feet fashionable. Flat tummies will be a turn-off by 1995.

All things considered, being a median-ager is a good deal—it sounds more sexy than being middle-aged, more elegant than being a teenager. I experienced a poignant pleasure when I read this quote by the editor of *American Demographics*: "There may never again be as many people under 30 as there are now." And I felt an inner thrill when I read somewhere that even in California, where blonds are eternally blond, the median age is now a mature 29. Facts like these are enough to make a median-ager feel forever young.

But, even better, I have a sense that I will still be feeling pleased about my age in the 1990's, when a larger proportion of the population will be middle-aged than at any other time in U.S. history.

There's something about mass aging that a median-ager can love. =

Marianne Jacobbi lives in Cambridge, Massachusetts.

Illustration by Debra Solomon

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Maybelline
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Ultra-Slim Lipstick
Ultra-Slim Lipstick

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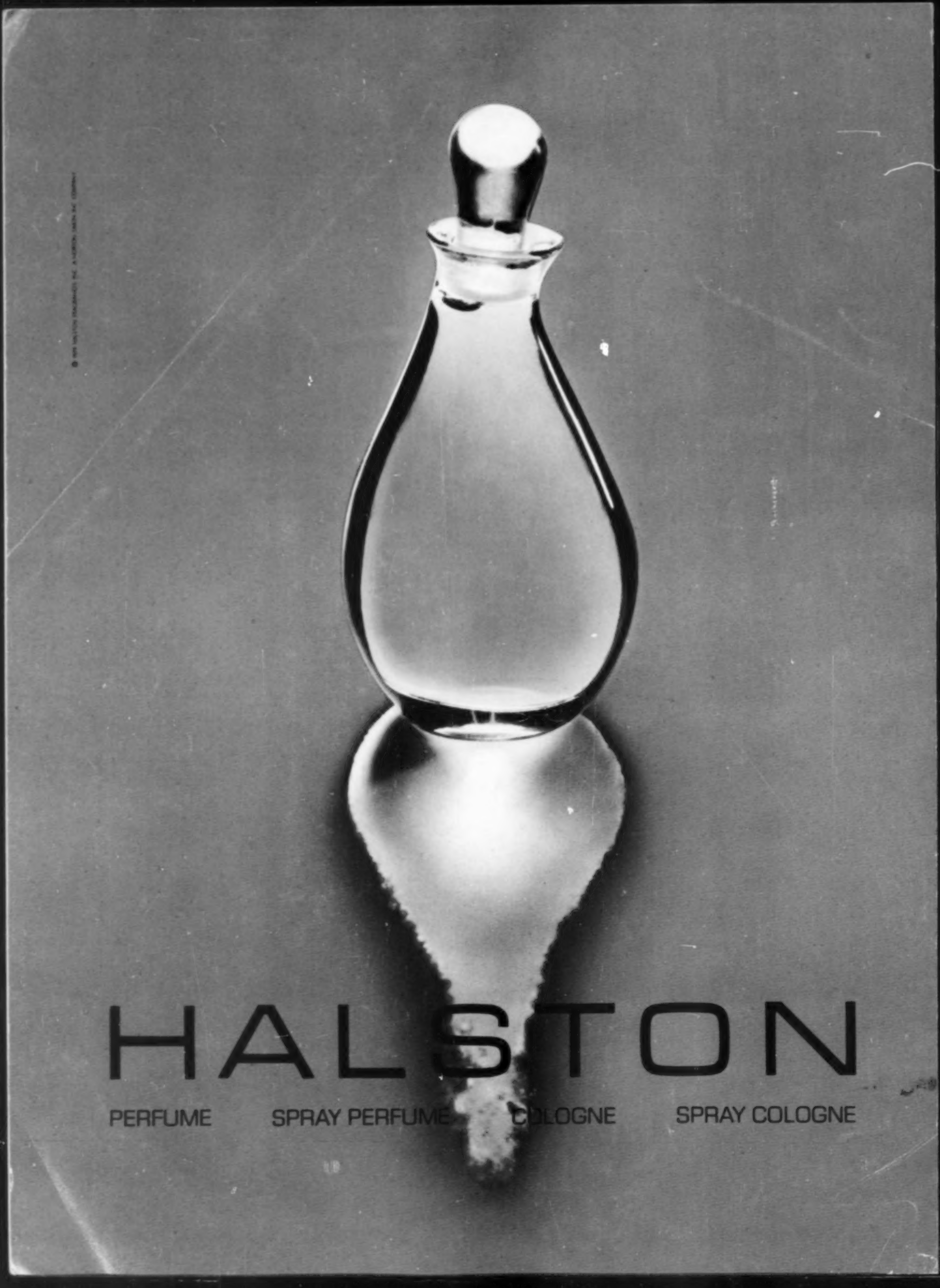

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